DECEMBER, 1957

Credit and FINANCIAL MANAGEMENT

Session on Credit at Sales Staff Meeting Pays Large Dividends

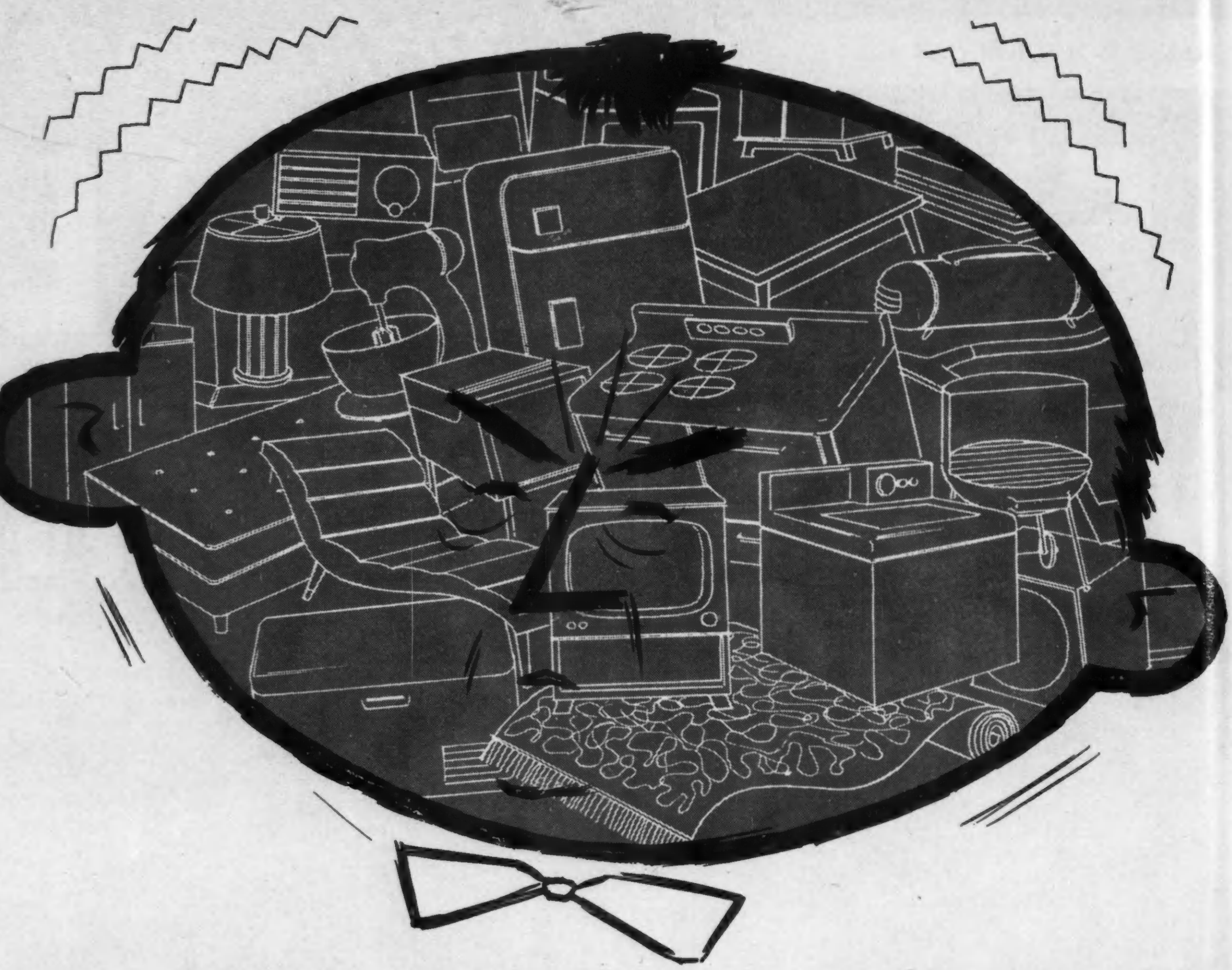
Credit Opportunities Raising Challenge to Today's Management

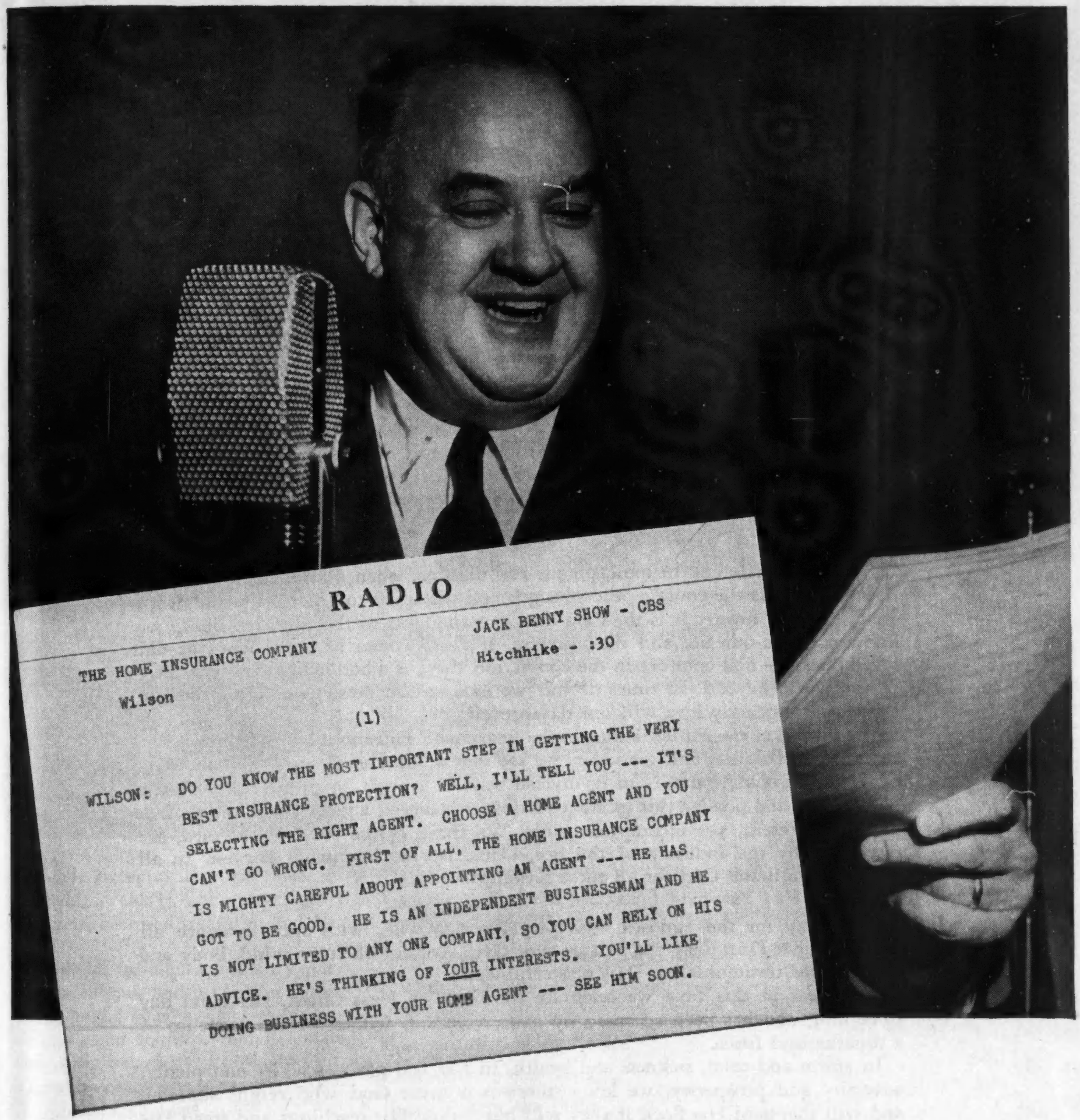
Making Annual Report Readable Will Sharpen Public Relations Tool

Steps by Management to Meet Increasing Costs of Operations

VOLUME 59 NUMBER 12

He Came Through (See Page 1





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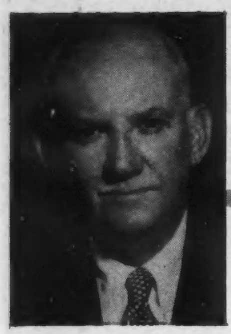

EDITORIAL

Henry H. Heimann
Executive Vice-President

In Homage

MIDST strife and turmoil, plague and disaster, when all hope is spent, faith gives us the courage, the strength and the spirit to renew our confidence in the future. It is then we turn our thoughts to the Supreme Being we know controls our life and the universe. If death comes to our friends or our loved ones, we find comfort in the conviction there is a better life awaiting them in the world beyond. In times of war we look to the message of the Prince of Peace that brotherly love will one day prevail.

We marvel at the constellations in the firmament. Entranced by their intricacies, their order, balance, and grandeur, we see that a Supreme Being is the architect of it all. We observe nature in its myriad ways of growth, its profusion of beauty and wealth, and ponder this incontrovertible evidence of a great Ruler, omniscient and omnipresent, yet incomprehensible. We thrill to the song of the lark, are fascinated by the industry of the bee, elated by the bounteous harvest. In all humility we thank God for all these blessings.

WE pray for the agnostic. We pity the one who, with such evidence all about us, can deny the existence of God. Are not our own mind, body and soul further testimonials to His masterfulness?

Each year at this time we celebrate the birth of Jesus Christ. His natal day since long ago has been accepted by many creeds as witness of the existence of a supernatural force.

In storm and calm, sickness and health, in war and peace, scarcity and plenty, adversity and prosperity, we know there is a great God who reigns supreme and will shepherd His flock if they will but follow His teachings and tread His paths.

LET us rejoice, therefore, in the knowledge that Christmas is a day of love and tenderness, of home and family, of prayer and thankfulness, of faith and understanding—understanding that our problems on earth are but temporal, that our eternal pleasures will be a just reward by an Almighty Father.

It is a day when all is serene in the heart of mankind; when, *in homage* to God, we should resolve to make every day reflect the Christian peace of heart and soul. This is the spirit of Christmas. It has been so for almost two thousand years—it will be so for eternity.

THE DECEMBER COVER

THE dealer had capacity but it was two-edged. He had proven selling capacity but on occasion he had also demonstrated another kind that goes with bending a too-willing elbow at the neighborhood tavern.

That was only the beginning of complications of a case history in which dotted lines, long distance phoning, and insurance played important roles. Clifford L. Reed, credit manager of Diebold, Inc., Canton, Ohio, tells all on page 12.

In the front cover picture are Ray-

mond Koontz (center), president of Diebold; Frank D. Robinson (right), vice president and treasurer, and Mr. Reed.

Diebold, for almost a century making bank vault and protection equipment, added office systems a number of years ago and now rounds out its line with record-keeping equipment, microfilm cameras and readers, shelving, lockers, cabinets.

To the company in 1947 came Mr. Koontz as assistant to the president. In three months he was treasurer, in 1950 executive vice president, and two years later president. Out of the University of Virginia, he was vice president and general manager of Maguire Industries, Greenwich, Conn., before joining Diebold.

Treasurer Robinson ("He makes figures dance like marionettes", writes Mr. Reed) entered Diebold in 1951 as assistant treasurer (general management staff assistant and general assistant to the president). In 1954 he was named treasurer, and last year added the vice presidency. He had had supervisory accounting experience with Westinghouse Electric.

FINANCIAL MANAGEMENT

General Manager, Edwin B. Moran
Official Publication of The National Association of Credit Men

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IN THIS ISSUE

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Washington

℄ PROSPECT of a $300 million tax saving for small business, if Congress enacts tax law changes recommended by the President, are put forth by Wendell B. Barnes, administrator of the Small Business Administration.

"All but one of these recommendations, the one which would provide reductions in corporate tax rates, either have been put in effect by administrative action or would be made effective by enactment of the proposed legislation," Mr. Barnes noted, observing also that "about 85 per cent of the nation's small firms are unincorporated proprietorships and partnerships" and so would not be benefited by lower corporate tax rates, though he favored them "as soon as budgetary considerations permit."

℄ THE THREAT of inflation to world economic growth and the steps taken in America to meet the challenge domestically were presented by President Eisenhower, first at the opening of the annual meetings, in Washington, of the International Monetary Fund, the International Bank for Reconstruction and Development, and the International Finance Corporation. Next day, at the convention of the American Bankers Association in Atlantic City, a message from the White House was read by Erle Cocke, retiring president. (Joseph C. Welman, president, Bank of Kennett, Mo., later was elected to head the ABA, and Lee P. Miller, president, Citizens Fidelity Bank & Trust Co., Louisville, was named vice president.)

Mr. Eisenhower told the finance ministers and other economic officials of 62 nations that the "worldwide phenomenon" of inflation is due to "excessive demands" by private consumers, business and governments, in a tendency to "overpay ourselves for the work we do." He told the bankers in Atlantic City: "With your assistance in helping our citizens understand the importance of sound money and the need for strong credit policies, we are meeting the challenge of inflation."

On a top-level strategy board, named by Robert B. Anderson, secretary of the treasury, to advise the President and the Cabinet on methods to combat inflation, are W. M. Martin, Jr., chairman, Federal Reserve Board; R. J. Saulnier, chairman, President's council of economic advisers, and Gabriel Hauge, Eisenhower's special assistant for foreign affairs.

Eugene R. Black, president of the International Bank, warned the underdeveloped countries that they have been undertaking "wasteful" projects, trying to "do too much," and in several instances were wasting money on large military forces.

Secretary Anderson cautioned that the Monetary Fund, to maintain its "revolving character," will need to "reconstitute its resources, through repayment of recent drawings, in convertible currencies." He said the Fund had paid out a billion dollars in the last year to companies having payment difficulties.

Out of Geneva, Switzerland, the United Nations Economic Commission for Europe questioning the efficacy of credit controls, reported that "only by reducing economic activity to unacceptably low levels can general monetary and fiscal policies succeed in eliminating the inflationary tendencies arising out of the efforts of organized pressure groups to increase their money incomes." The report said the rate of growth of employment and industrial production of western Europe in the first half of 1957 continued to be at a slower pace than that of the Soviet Union and Eastern Europe.

℄ RELEASING a long list of imported commodities that would remain under the existing customs valuation formula was the first major move by the Treasury Department to simplify U.S. procedures under the 1956 Customs Simplification Act which may go into effect in early '58.

The new formula uses "export value" (the usual wholesale value established by the foreign exporter for trade with U.S.) in preference to the old system of taking the higher of either "export value" or "foreign value" (the latter being the usual wholesale value in the foreign market for local consumption).

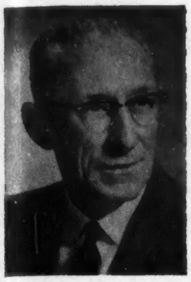
The commodities listed, said the Treasury, are not eligible for appraisal under the new formula because their average dutiable value would drop 5 per cent or more.

℄ UNPARALLELED labor-management peace the first seven months of 1957 (nothing like it since the war's end in 1945) has "contributed to our Government's ability to preserve peace in a troubled world," said Newell Brown, administrator, wage and hour and public contracts division, U.S. department of labor, addressing delegates to the first annual training and educational conference of the Alaska Labor Federation.

Opportunities Challenging Credit Management

Dilemmas Rise from Inflation, Tight Money, Failures, Declares Walker

OPPORTUNITIES challenging credit management today arise from dilemmas growing out of persistent and insidious inflation, tight money, liquidity, and the increasing rate of business failures, says J. Allen Walker of San Francisco, general credit manager of Standard Oil Company of California, and president of the National Association of Credit Men.



J. A. WALKER

The credit executive's job, therefore, members of the Credit Managers Association of Northern and Central California were told, is to minimize the amount of capital in receivables and keep credit and collection costs reasonable for the company, to deal with the demands of financially-pressed customers for more credit, and to keep sales personnel happy in face of keener competition—all at the same time.

The dilemmas and conditions, coming out of a favorable total economy, must be met with skill and competence, Mr. Walker said. He pointed out that the amount of business credit has trebled since World War II, with non-financial corporations now carrying more than $90 billions in accounts and notes receivable, 2½ times the industrial loans and commercial paper of commercial banks. Ninety per cent of manufacturing sales and over 92 per cent of wholesale sales are on credit. That growth shows itself importantly also in financial programs. Whereas in 1949 manufacturers' trade receivables were 19 per cent of their current assets and less than 11 per cent of total assets, today receivables are 26% of current assets, 14 per cent of total assets, highest postwar percentages ever, he added, all placing "a severe requirement for effective credit administration."

Developments of the past year, Mr. Walker declared, make inflation a cause for concern, with consumer prices increased 3.6 per cent, wholesale prices 3.1 per cent. "To illustrate what 'creeping inflation' means, you can project a continual price increase of 3 per cent, compounded, and discover that in 23 years the price level will have doubled. At a 2 per cent annual rate the prices will have doubled in 34½ years."

The credit executive emphasized that the insidiousness of inflation lies in the fact that not all people and businesses are affected in the same way, and price changes are not uniform. "Therefore, inflation is inevitably accompanied by inequities. One industry may be in clover. Another may find it is being priced out of the market."

Hence, a credit manager must recognize the basic economics of a customer's business or industry. "It is important to know whether a customer is caught helplessly in a price-cost squeeze, whether his profits are a result of price increases instead of greater volume, or whether his inventory accounting is truly revealing the results of price changes."

Mr. Walker cautioned of the danger of an "inflation psychology," of resignation to a belief that inflation is inevitable. Such an attitude will not only destroy incentive to save but may also warp business judgment, resulting in "serious miscalculations," such as accumulation of excessive inventories, or not actually needed expansion of facilities.

Tight money has particular significance to credit management, the members were told. "The pressure for funds has led certain firms, especially new or marginal, into dangerous financial programs," such as deferred tax payments, heavy penalties incurred to satisfy temporary financial needs, working capital frozen into fixed assets, high cost financing sources and excessive interest charges, exploitation of credit extended by suppliers. "It requires alertness and close analysis by credit management to distinguish such situations."

The speaker cited the past decade's "almost continuous decline in liquidity of business concerns." While the trend reflects better financial management for efficient use of operating capital and avoidance of accumulation of idle cash, "the increasing cost and decreasing supply of money has had its effect. Many firms have found it necessary to rely more and more upon internal sources of funds to finance plant and equipment expansion. There has also been a greater need of capital to finance receivables and inventory." Declining liquidity "suggests less flexibility, more financial stress among firms."

Business failures have increased from 29 per 10,000 enterprises in 1952 to 52 per 10,000 so far this year, to approximately 14,000 by the end of 1957. "Credit management is finding itself more and more concerned with customers in financial difficulties," though "neither legislation nor favorable business conditions can assure success to everyone who wants to go into business for himself."

Today's economy, he declared, demonstrates the need for qualified credit management that can assure its company of an unimpeded flow of cash from receivables, credit relationships that will be "a strong force in the total marketing strategy," and achievement of these objectives at reasonable cost.

"Management of self," he said, "is the first step toward directing one's future." Excellent facilities for credit education have been provided through the Credit Research Foundation, and its programs "should receive our full support and enthusiasm," as should the total association program, local and National.

Among "specifics" for day-to-day operations in efficient credit management, Mr. Walker presented the following: clear-cut objectives, a positive philosophy, adequate and fully understood policy, analysis of cost and manpower controls, establishment of performance standards, top priority to personnel training program, proper counseling of customers, analysis of customer relations, study of management techniques, and new ideas.

Credit Session at Sale

Programs Focus on Policies and Procedures to Build Profits

STEADILY growing cooperation between credit and sales departments is receiving fresh impetus from the ever-tightening competition and sharpened focus of attention on the marginal account.

A most practicable medium for advancement of cooperation is a credit session at the sales conference. Because many companies call in their field sales personnel for either general or district meetings in the Holiday or post-Holiday period, *Credit and Financial Management* asked representative treasury and credit executives to outline their modus operandi of credit sessions at such sales gatherings.

Noted in the replies are comments like these: Many credit practices evolve from suggestions of the salesmen; both material and methods of presentation are changed frequently; select one interesting subject for extended development; emphasize fundamentals of credit policy and procedure.

The result? Here's how one credit executive sums up: "In our experience, Sales-Credit conferences repay with huge interest the time and effort invested in them."

Credit Department Participates In All the Sales Conferences

E. W. LUTZ
General Credit Manager
The General Tire & Rubber Company
Akron, Ohio

AT General the sales and credit departments work much as a team, each department respecting the importance of the other's contributions to our common objective. As the first step in such a program, our Sales Manual carries specific instructions to the salesmen as to the information that is required in conjunction with every new account opened. That information varies with the type of trade.

Credit department participation in all sales conferences, whether on a division or national level, is standard practice with us. Basically this participation is in the nature of a discussion of the information needed to establish and maintain credit, and the assistance the sales personnel can give us not only with new accounts but with established accounts. The field personnel is supplied with copies of all our correspondence with the customers. That indicates what we are trying to accomplish, and the sales representatives are expected to lend their assistance. In addition they receive specific assignments.

Go All-Out to Help Dealers

In our Tire Division we usually are the principal supplier. Often a new venture is organized to take the General dealership. Usually we are dependent upon one dealer as an outlet in each market. Therefore, we are concerned with the success or failure of that dealer far beyond the possibility of a credit loss.

Accordingly, we contribute everything possible in the way of information and advice in our efforts to develop successful dealers. For this purpose we draw on the experience of our successful dealers and from that we develop patterns and yardsticks of successful operations. This information is supplied to our dealers by various means, but basically we expect our sales representatives to counsel with our dealers and guide them into profitable operation.

Subjects Covered in Conferences

Therefore, in our Tire Division the credit department's participation in sales conferences usually covers the following subjects:

1. Personal qualifications for successful management
   a. Character
   b. Sales ability
   c. Managerial ability
2. Capital requirements
   a. Market potential
   b. Working capital requirements
   c. Fixed capital requirements
   d. Sources of capital
3. Financial management
   a. Investment in fixed assets
   b. Investments in or leases of real property
   c. Control of inventory
   d. Control of customers accounts
4. Dealer operation
   a. Planning for profitable operation
   b. Budgets
   c. Volume and composition of sales
   d. Gross profits
   e. Fixed expenses
   f. Controllable expenses
   g. Analysis and interpretation of financial and operating reports

This is a program we have followed for many years. While we realize there is always room for further improvement, nevertheless we are convinced it is the best type of cooperation we could render our sales department, and represents constructive assistance to our dealers.

Meeting Pays Dividends

Treasury Representative Has Role in Most Sales Meetings

H. P. MAC DONALD
Assistant Treasurer
Westinghouse Electric Corporation
Pittsburgh, Pennsylvania

WESTINGHOUSE has numerous sales meetings each year, and generally these sales meetings are at various levels. We have meetings for all our top regional sales vice presidents, and followed by sessions of the area sales managers. There are sales conferences held among the sales managers of the various divisions.

When these sales meetings or conferences are held, the treasury department representative is generally on the program. In fact, the treasurer usually is one of the first speakers.

To understand our practices, it must be remembered that Westinghouse manufactures and sells many types of equipment, some of which are what you might term specialty types of equipment, while others are electric apparatus in our terminology. Under special products we would place elevators, X-ray equipment, air conditioning equipment, electronic tubes and household appliances. Sales meetings in connection with these products are on a national basis, and a treasury representative speaks on the problems involved. Under certain conditions a regional office will have the sales conference. Here also a Treasury representative is present to take part in the discussions.

The theme of the meeting or type of program depends on whether it is a sales or treasury department meeting. If it is a sales meeting, it is generally called because of a sales campaign, change of policy or change in method of distribution, and that is the theme. If it is a treasury department meeting, to be held over a period of three or four days, many subjects are docketed for discussion and we invite a number of salesmen, especially those in the so-called specialty lines. As for information required of a salesman in connection with a new account, not too much is demanded and no specific details are outlined to the salesman. Any information he may have gathered is accepted, but treasury personnel make their own investigation, from mercantile agencies, banks, and other sources.

A chairman presides at each meeting. After each talk or presentation, the chairman handles the question and answer period.

Not a week goes by that some part of the sales department does not have a meeting or conference. This might be on a national, regional or division basis. Our treasurer is continuously traveling to these meetings, giving talks on various aspects of the treasury department functions.

Coming Sales Conferences Open Way to Re-tailor Credit Policy

W. H. KEPLINGER
Assistant Treasurer and General Credit Manager
Crown Zellerbach Corporation
San Francisco, California

IN today's rapidly changing economy, with increased competition and continuing shortage of working capital, it is most important that sales and credit management work closely together. In most industries, supply has begun to exceed demand, and "hard selling" provides the best opportunity in years for credit management to show what it can do to help obtain profitable sales. In the easy selling years the marginal financial customer got by with his mistakes minimized or neutralized by increasing sales and good turnover of his limited capital. In today's competitive conditions the alert credit manager with experience, courage and modern business techniques can help the cause for sales. There is no question that sales management must reach out in the months ahead to hold and improve sales volume by working through the marginals.

The early winter sales conferences this year take on added meaning. Credit management has a real opportunity to re-examine the company credit policy and tailor it to today's sales objectives and programs. It is important that credit policy be in written form in order to spell out for all concerned the basic overriding company policy. Then it must be properly communicated to sales management and representatives. And it must be a flexible policy.

In our company we believe district sessions are more effective than a national meeting because they present opportunities to discuss the problems of a certain geographical area.

Our district or area sales meetings are now being planned. Credit management will have the opportunity to present the corporation credit policy and procedures tuned to the current needs of sales management. We will discuss:

1. The need for *profitable* sales.

2. How to sell the marginal financial customers.

3. Terms of sale and the growing requests for special or extra terms from our customers.

4. The importance of adequate working capital, including long term and equity capital.

5. The importance of the earned cash discount to our customers.

6. Customer counseling. Effective counseling is urgently needed by many small businesses today. This would include operating statement and balance sheet analysis; inventory records and controls; intelligent credit extension

and an organized program for the follow-up of delinquent receivables; control of variable expenses; and adequate accounting records to determine operating progress on a monthly basis.

We consider our sales representatives the managers of their territories and therefore responsible for obtaining new customers based on credit worthiness. They are responsible for collection of our receivables. Very few letters are written by our credit department to customers. Instead, we channel directly through each sales representative the information he needs to manage his territory. He is closer to the customer than anyone else and is therefore able to clear away complaints and collect delinquent customer accounts. It is the exception when the credit manager must make a direct contact with a customer and then only at the request of the sales representative or his sales manager. This procedure has worked successfully.

In our district sales meetings we would stress these basic fundamentals and review the procedures, particularly for the benefit of new sales representatives. We would emphasize the continuing need for good business judgment in sizing up prospective customers (we make use of a special form submitted by the sales representative to the credit department for all new and prospective customers). Here again is an opportunity to point out the procedure the credit manager must follow to get sufficient fundamental facts to establish a line of open account credit based on the buying needs of our customer. This would include mercantile agency report, banking connection, present major suppliers, financial statements including operating statement, estimate of annual purchases of our products, and the sales representative's evaluation of the prospective customer's ability.

We have learned that a question and answer period following the formal remarks is most beneficial. The credit manager is able to make his point through case histories.

Urges Written Understanding Of Obligations under Contract

HOWARD STOUGHTON, JR.
Assistant Treasurer
Hewitt-Robins Incorporated
Stamford, Connecticut

WE are very much aware of the importance of a comprehensive "selling" of the value of the credit function as we recognize that an understanding by the sales organization of company policy on credit is absolutely vital to a successful sales effort.

Drawing up such a presentation program awaits completion of a revamping of our overall policy and practices. Our recent efforts have been devoted exclusively to formulation of the policy itself rather than to the ways and means of presenting it to our sales department.

The presentation should stress the tangible benefits that the salesmen in the field can realize from knowledge of company policy and practices in credit matters, and it could be pointed out that this knowledge could be a useful guide to the economical use of the salesman's time and effort.

A point I would stress is the importance that the sales organization reach a clear understanding with the customer of the obligations of both parties under the sales contract, and reduce this understanding to writing. Failure to do this all too often results in a dispute between purchaser and seller, which can jeopardize customer goodwill or increase the seller's credit exposure on the transaction.

Another point which could be mentioned at such a meeting is that the credit organization, through the larger treasury department, could arrange useful introductions to, or through, major banks in a potential customer's territory. We are now exploring this possibility and believe that, properly used, it can prove to be an effective sales tool.

Trainees Spend Part of Time Studying Credit's Operations

N. F. VOELL
Credit Manager
CHAIN Belt Company
Milwaukee, Wisconsin

THE credit and sales departments of any company have the same goal in view—the broadest possible sale of the company's products with the lowest possible loss ratio. We at CHAIN Belt decided years ago that improved communications, in the form of credit department participation in sales meetings, were an absolute "must" if we were to gain our common objective.

Our program really begins at the beginning, with our student training program. Each member of the training program spends a part of his instruction time in our credit department. We do not attempt to make a credit man out of the student or bother him too much with the technical details of our departmental operation. We try to make clear our basic credit philosophy and the reasons behind our policies. The sense of credit responsibility awakened in the student by these sessions has proved of value regardless of the position eventually held.

Specific credit questions are covered in the many sales meetings held each year at our main plant in Milwaukee. As our product line encompasses sprockets, chains, power transmission machinery, bulk conveying equipment, water, sewage and industrial waste treatment equipment, roller bearings and construction machinery, our terms, credit and sales problems are quite diverse. Accordingly, only the specific problems of each group of salesmen are discussed with each group.

One of the subjects discussed in one of these meetings

was the question of submission of adequate and comprehensive information surrounding credit requests of new customers.

Our investigations were being hampered by repetitive incidents of incorrect and incomplete information from the field. Customers' names were wrong, addresses incorrect and requested terms were erroneously stated. It became impossible for us to give prompt and efficient answers in many instances. Ordinary explanations and requests for thoroughness did little to correct the problem.

Playlet Burlesques Shortcomings

When our area men next visited the plant for a sales conference we greeted them with a 15-minute skit burlesquing their inefficiency. While this provided some amusement for the meeting, it accomplished the more important result as evidenced by marked improvement in the information submitted with subsequent credit requests.

At the same meeting, a special method of bank financing available in one region of the country was discussed and the financial conditions and strength of several of our distributors were covered.

The same basic pattern with countless variations is repeated many times each year in conferences with our own personnel and even with representatives of our distributors. We have found that these meetings promote cooperation, improve inter-departmental relationships, and develop that "unitized" understanding which leads to continued progress. In our experience, Sales—Credit conferences repay with huge dividends the time and effort invested in them.

Invite Salesmen's Questions For Conference Discussion

JOHN C. WIESNER
Credit Manager
California Packing Corporation
San Francisco, California

IN our organization Credit enjoys maximum cooperation from Sales, chiefly because we are striving at all times to achieve that all important "team spirit".

Our credit personnel is indoctrinated to seek ways and means of encouraging and retaining sales. We attempt to demonstrate that ours is the positive and constructive viewpoint, with goodwill towards the marginal customer.

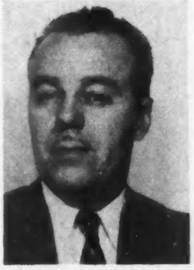
For sales meetings, specifically meetings of district sales managers, one approach which I value most highly is an invitation to the conferees to submit in advance suggestions for topic material for discussion at the credit department's portion of the meeting. Our organizing of the agenda therefore contemplates (1) attempting to arrive at satisfactory solutions to questions from the participants and (2) tactful presentation of the message of the credit department, all within the framework of a common desire to achieve maximum sales for maximum net profits.

Area #1 needs little explanation. The person who submitted the question is eagerly looking forward to an answer. Other conferees may have experienced a similar situation. Thus there is opportunity for an open forum discussion.

The credit manager will weave into the program the points he wishes to convey to the group (Area #2). He may stress that Sales will obtain the maximum service from Credit by prompt submission of complete "New Customer" reports, the need for customer discounting of invoices, or possibly a description of the flow of paper from the order to the processing of the completed invoice.

The credit department also has a great opportunity, in discussing the new automation processing, to give increased service through the salesman to the customer.

Timely General Credit Topic Best for Sales Conference



H. M. EVANS
Credit Manager
Tung-Sol Electric Inc.
Newark, New Jersey

IN a dynamic industry such as electronics the credit department has come to be recognized as a constructive force in developing the socalled marginal accounts as well as conserving and safeguarding the company's accounts receivable.

Successful organization effort is today almost synonymous with close coordination between sales and credit policies.

The value of a salesman as a credit reporter depends to a large degree on his training, ability, and temperament. The thoughtful salesman who is an experienced observer can frequently uncover signs of weakness in a customer's financial position, or perhaps recognize factors of strength before they are reflected in the reports of agencies. In many instances you will find that the salesmen's reports are your most dependable form of credit information.

In addition to supplying names of other suppliers, he can note how the customer's location is being affected by local developments and by changes in population. He can observe the morale of the customer's organization, whether the business appears to be well organized and efficiently managed. Very often the salesman can form an accurate opinion as to the customer's character and habits, and may become familiar with some of his problems.

For the most part, it is the salesman who can speak the customer's language and get results personally where the credit department may have to use undue pressure.

We therefore have found that providing our salesmen each week with a list of their past due customers has

(Continued on page 29)

MANAGEMENT AT WORK

. . . . a problem case is solved

By C. L. REED
Credit Manager
Diebold Incorporated
Canton, Ohio

HE was just ordinary looking—a little heavy maybe. Nothing in his manner or appearance would indicate he had anything that would be a definite asset to the company. But appearances can be mighty deceiving at times, and this was one of those times. He could sell!

Behind his apparently mild manner and bland features lurked a tenacity that literally shook out business where it wasn't even suspected. To add frosting to the cake, he was located in an area where we had poor representation and an even poorer sales record. So the wholesale sales division wanted him.

He was quite willing to take on our line. The director of wholesale sales, with that far-away look in his eye, was envisioning quadrupled and quintupled sales in a heretofore almost barren territory. There was only one snag—the man didn't have a dime.

Three "C's" Add Up to Zero

Ordinarily that wouldn't have proved to be much of a stumbling block. There are quite a few dealers in the same financial condition who provide a good sales outlet and on whom we can depend for payment when their customers pay.

But this man was also shy a few things other than capital. Summing the proverbial three C's of credit, we came up with a zero. Capacity to manage his personal affairs was obviously lacking for, despite lucrative earnings, he hadn't accumulated anything. Character—well, there was a slight blemish—bright lights and long, polished mahogany bars had an irresistible attraction. On occasions he had been known to succumb to the urge for two or three days at a time, with blackout and unaccountable behavior during that period.

Even so, there still wasn't too much of a problem. It was suggested that he take his orders in our name, we would ship and bill his customers, and upon collection would remit his profit. He was agreeable.

Orders Roll In, Then—

So the territory was assigned, our man was supplied (we almost wrote "loaded") with order blanks, given the blessing of our sales manager, and sent on his way.

Soon orders came rolling in, from previously unknown customers. We shipped, billed, collected, paid—everything had a rosy hue.

Then came the break. An Army base in the territory was selected for the pilot installation for equipment such as we manufacture. The successful bidder would be assured of substantial orders from other bases if his goods and the installation proved to meet the needs. We knew our product would do the job, so we set about getting the business.

And we did. Not long after the bids were in, there was a wild whoop apparently emanating from the sales department. Seconds later, the director of wholesale sales materialized, laying an order on the desk and murmuring soothingly, "Here, O.K. this quick. We've got to get it into production fast, 'cause our delivery deadline is awfully close."

A Question of Names

It was a nice order—$54,000 worth of goods with a fair profit margin from the U. S. Government—and this was to be only the beginning.

Again a hurdle. Somehow, when bidding on the business, our man had used his own name rather than ours. And Uncle Sam would make his checks payable to the one to whom he addressed his orders.

Bell Telephone's long distance system had some rush business that morning. "Could the order be assigned?" "No." "Could it be revised?" "Yes, but that would necessitate going out for bids again." In the meantime, one of our competitors might have sharpened his pencil. So that was out.

Could we depend on our man to indorse the check to us and send it on? Ordinarily yes, but would receipt of the check set off another celebration and leave us with only the gratitude of the folks in Blankville who were recipients of the man's free drink largesse? Besides, many a stronger man has been tempted beyond endurance at the sight of much less than $54,000. We couldn't send someone out to rifle his mail every morning, and yet we couldn't throw temptation of that nature at him either.

Basically, we had but one problem: how could we insure ourselves that the check would not be cashed? Bells rang! "Insure" was the answer. A quick call to our bonding company brought out that, while the request was rather unusual, they could handle it. Another call to our man assured us of his full cooperation and

FROM the University of Toledo and business college, Clifford L. Reed joined Retail Credit Company as office clerk and was manager of a direct reporting station at Mansfield when he left to become a credit correspondent of Toledo Scale Company. He was named New York office manager, returned to Toledo to direct activities of the company's traveling auditors, then became credit manager of the Rochester (N.Y.) division. After this 10-year span he became associated with Diebold, Inc., Canton, Ohio, in 1952.

Says he likes people, problems, puzzles, parties. The Reeds' five youngsters would come under each category.

willingness to sign the application. The order was put in the works, papers were signed, and the goods shipped. The indorsed check came in without a hitch.

Subsequent business from the same source, properly written, has been well worth the few hours of hair-thinning struggle to make the original order acceptable.

Straitjackets on Banks Hurt Economy: McCloy

Artificial restraints "that place banks in a straitjacket devoid of possibilities for natural growth will do harm not only to banking but to the American economy as a whole," said John J. McCoy, chairman, Chase Manhattan Bank, New York, addressing the National Association of Supervisors of State Banks.

Mr. McCloy declared that in enacting the Bank Holding Company Act of 1956 Congress "gave legislative sanction to a means, or a technique, by which banks can climb over restrictive walls erected by the states. Some states either have passed laws or plan to pass laws that would apply to bank holding companies the same geographical restrictions that now govern establishment of branches. However, there is a serious question whether such laws can be made to apply to national banks—indeed, whether they are constitutional."

Home Building Lag Today Will Show Effect in 60's

Building material and equipment companies faced with the anomaly of a declining home building industry in an otherwise expanding economy—home building has been declining at a rate of 15 to 20 per cent a year the last two years—met in conference in San Francisco to consider industry problems.

Richard G. Hughes, chairman of the National Housing Center, Washington, at a prior press conference in New York City cited the need for a freer flow of funds to the mortgage market and for more homes for lower income groups. He said the industry should appraise its productive resources for the period when new family formations in the 60's may double the present demand for housing.

Making the Annual Report Readable Will Sharpen a Public Relations Tool

By SOLOMON BALSAM, Ph.D.
Director, Contempo Agency
New York, New York

SIGNIFICANT in progressive management is the trend to improve annual reports by interpreting corporation progress and financial achievement in non-technical language for the small investor.

With more men and women buying stocks and bonds today than ever before, many companies are recognizing that the annual report must be a service document. No longer merely an accounting to stockholders and a lure for investment capital, it must also be an effective public relations tool, so designed, written and illustrated as to interest and enlighten employees and their families, community relationships and the public. This is borne out by a recent survey of annual reports of America's foremost corporations.

There are important reasons for the trend.

1. Many stock companies are realizing that they are no longer private and privileged.

2. Millions of individuals own corporate stocks and bonds today. The public opinion they can generate should not be underestimated.

3. The public, including the small stockholders, is vitally interested in business, in labor unions, and government in business.

4. More companies are thinking of stockholders as goodwill emissaries.

Management has found that a good way to build company morale is to send the annual report to all its employees, either in the form prepared for stockholders or in a special edition.

The report should be circulated also to radio and television commentators, business and financial editors, columnists of newspapers and business magazines. It should go to schools and colleges, public and newspaper libraries, community leaders such as clergymen, city and state officials, professional men, to heads and purchasing agents of government and military bureaus; to civic club officers. They all are in a good position to combat misinformation. Some companies even circulate their reports in such places as barber and beauty shops and sports centers in the plant cities, as sales and advertising media and showcases for products and services.

Bankers, investment trust officers, brokers and security analysts, who influence the sales of about 40 per cent of all corporate securities, should be informed continuously of the financial operations of the company. Suppliers of equipment, dealers, distributors, trade associations should also receive the report.

Features of Report that "Sells"

An acceptable report will contain substantially the following features:

1. Dramatic Cover Design—An eye-catching design indicating the company's primary activity. Most good reports have varnished covers, attracting further reading.

2. Operation Highlights — Shareholders unfamiliar with detailed financial statements, as well as the casual reader, may find at a glance on this page the salient facts of immediate trends, operating results and business backlog. Figures can be shown on a "per share" or a "per employee" basis.

Solomon Balsam

3. Table of Contents—A listing of all editorial and financial matter, as well as charts, maps and tabulations, by page numbers. All reports exceeding 24 pages should include an alphabetical index.

4. President's Message—A brief and interesting statement, preferably a one-page summary or a two-page review, over the signature of the president, discussing trends and outlook for the industry and the company, treating future dividend policy, long range objectives and management philosophy. An informal photograph is desirable.

5. Narrative Section—A complete narrative, sub-titled to indicate each major aspect of present activities, as it may have a bearing on growth. Here charts, photographs and other illustrations will stress the editorial contents.

6. Financial Statements—Simplified financial statements designed for easy understanding in two-year comparative form, including complete auditor's certificate conspicuously displayed. Try to avoid explanatory footnotes.

7. Background Statistical Comparisons—A five-or-ten year detailed table of comparative operating statistics to indicate a long-term trend, with a full range of data presented on a gross, per share and operating basis.

8. Sources of Revenue—A pie chart or other graphic device, with an explanatory caption, speedily depicting the relative sources of revenue and the distribution of income.

9. Stockholder Information—Maps, tabulations and charts indicating the average size of geographical distribution and trend of holdings in such categories as sexes and groups.

General Motors, polling over 4,000 shareholders, found that 71.3 per cent favored a graphic presentation of data; only 5.3 per cent said *no*.

What technique should be used? Should old-style line and bar charts

be used or the more modern pictorial charts?

The Borden Company conducted a test among employees. Six types of charts and tables were used, all carrying identical data. A pie chart incorporating illustrative symbols proved most successful; they helped employees to remember the facts.

The simile "Dry as an annual report" is now largely antiquated. Companies issue expensive brochures, multi-color jobs, with slick paper, animated writing, also motion pictures, slide films, phonograph recordings, jigsaw cutouts, pop-ups, diagrams and charts, maps to depict trends, ratios and distributions, pictures of plants and processes, and sometimes double-truck spreads showing all products and their uses.

The tendency toward greater emphasis on selling products in company annual reports is exemplified in an annual report of the Armstrong Corporation. In an 8-page section, Armstrong shows how the principal products are used in three major markets — building materials and flooring products, industrial specialties and packaging. Cutaway drawings of a house and a factory building show various Armstrong products in use; neat illustrations depict the types of packages and containers.

Guides and Glossaries

Minneapolis-Honeywell sent out recently with its annual report a guide entitled, "How to Read an Annual Report." In its easy-to-follow question and answer form, the booklet explains the three basic sections of the financial statement: The letter to the shareholders, balance sheet and summaries of income and surplus, and why each is included. The 12-page booklet is brightened with line drawings.

Fairchild Camera and Instrument Corporation's 1956 report included a glossary of business and engineering terms. President Sherman M. Fairchild explained that the idea came from a stockholder. "Management," he said, "is likely to forget that the real owners represent a cross-section of America, the majority of whom have non-technical and non-managerial backgrounds."

A quarter century ago, annual reports were practically without exception statements indicating that independent auditors had verified the

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Three Years of the Universal Commercial Code

Few Adverse Replies in Pennsylvania Sampling; Amendments Sought

By **ROBERT L. ROPER**
Legislative Director
National Association of Credit Men

MORE than three years have passed since the much-debated Uniform Commercial Code became law in Pennsylvania. Massachusetts has adopted the Code, with certain modifications, effective Oct. 1st, 1958, and its adoption has been considered elsewhere, but in most states the attitude has been: "Let's wait and see how it works out in Pennsylvania."

R. L. ROPER

Earlier this year the National Association of Credit Men attempted to ascertain the facts, and sent an inquiry to each of its Pennsylvania members. The following sampling of replies, though not necessarily typical of each business category represented, should interest readers in states where the Code may later come up for consideration.

Adverse Replies Relatively Few

Adverse replies, relatively few in terms of total replies received, should help, also, to point out some of its possible disadvantages. Efforts are underway to amend provisions of the Code which are, or have been, the chief targets for criticism.

Apparel Manufacturer

"In checking credits, we learn things by reason of the effect of the Code that heretofore were frequently unknown to us. In other words, we have been able to operate more intelligently in our credit department and we have been better informed. Our business has not been adversely affected."

Appliance Wholesaler

"We feel very definitely that the Code has strengthened the finance company's position so far as registration is concerned and that is a substantial though indirect benefit to the dealer for whom the finance company conducts the account. Previous to the Code there was no state registration. Under the Code the state and county registration of all such transactions is a maximum of $4.50 for a period of five years. This applies to floor plan and wholesale financing. Certainly I have not experienced any ill effect of the Uniform Code. I have not encountered anyone in our line of business who is not heartily in favor of it."

Banking

"Our reaction is that the Code represents a distinct improvement over previous law. We feel it would be very desirable to have it adopted by all states. The Code eliminated most of the uncertainties and ambiguities in previous law.

"We have found that we can now secure much better legal liens. This very desirable result has been achieved with less clerical work and expense. It has made it possible for us to extend more credit to businesses, and our service charges have been reduced because of the decrease in clerical expense. In addition, customers who borrow on a secured basis have found that the clerical expense in their own businesses is less.

"Adoption of the Code has facilitated commercial transactions, and ultimately will reduce the volume of litigation."

Recommendation of leading business and law groups in the light of Pennsylvania experience prompted modifications adopted in the Massachusetts Uniform Commercial Code.

Building Materials

"We view the Uniform Code in Pennsylvania with mixed emotions. These are not resolved or clarified by the great many amendments already pending, which I suppose could be inferred to mean that the Code is far from perfect. As we gained experience with the Code we liked certain phases of it and disliked others. We have had to abandon efforts to consummate transactions with potential customers which would have been relatively simple in other jurisdictions; the Code exactions proved unacceptable to both parties. I am sure you are presently aware of the recent *Quaker City* decision which so materially and adversely affects chattel mortgages."

(See CREDIT AND FINANCIAL MANAGEMENT, June 1957, page 6, for impact of *Quaker City* decision and legislation now pending before Congress to correct its effects.—Ed.)

Construction Equipment

"Since enactment of the Code we have been required to make two filings of each transaction and two satisfactions when the obligation has been completed. This compares to one filing and one satisfaction under the previous plan. Each time a recording or a satisfaction is made, there is a fee for the service. Not being attorneys, we do not know what benefits we have under the Code which we did not have prior to its enactment. From the limited experience we have had with it, it appears to have cost us something in time and expense."

Dairy Products

"As it applies to our business the Code has caused nothing but considerable confusion and misunderstanding, and that seems to be the general feeling of those with whom we have discussed it. The Code is drawn up in language difficult to interpret. Previous laws were much more satisfactory."

Factoring

"The Code has greatly simplified our operations and has enhanced the flexibility of our industry in Pennsylvania. Of special significance has been the relatively simple method of placing liens on the public record. I would certainly foster affirmative ac-

tion on pending legislation in other states."

Farm Machinery

"Out of approximately 145 Pennsylvania dealers I know of only one instance where the Code may have adversely affected our business. We are very well pleased with it. Although we have not actually had a test case in court, we believe it has benefited us in both collections and repossessions. We do find we are unable to obtain as much information from courthouse records as to the exact items covered as we did under the old chattel mortgage law. However, the fact that we too benefit in this respect by generalizing our own financing statement more than offsets this objection."

Field Warehousing

"Perhaps of all the service businesses field warehousing has suffered the most under the Code. Many bankers feel that, by filing a financing statement in Harrisburg, they are protected. However, that's true only to the extent that, should their customer go into bankruptcy, the inventory may or may not be there. Our experience has taught us that, in most bankruptcy cases, the inventory has a tendency to disappear.

"In other words, we feel that the banks, operating under the Code, are in many cases operating in a fool's paradise. Furthermore, we have lost several distributor accounts the past year. Out-of-state credit managers notice in mercantile reports that a distributor is borrowing money on inventory and has filed this financing statement. In a number of cases they have refused to ship to this distributor on that basis. Whether it is because of ignorance or misunderstanding of the Commercial Code, I don't know. However, the result has been very bad for us."

Furniture

"We have used the provisions of the Code on only one occasion, a sub-standard risk. The Code gives us substantial protection as pertains to the merchandise we sold and the proceeds therefrom. There have been no adverse effects. In this city (Philadelphia), by and large, the creditmen resort to the Code in only sub-standard cases."

Industrial Lubricants

"The Code is highly technical and mostly left to our attorneys. However, it has benefited our business in secured transactions, bulk sales and investment securities. Under the Code our laws are now more clear. There is definite order and bringing together of transactions whereas the pre-Code law was a hodge-podge."

Materials Handling Equipment

"The Code has been of no visible advantage to us. It delays our placing paper with the bank by about ten days, and it increases our costs approximately $500 a year."

Metal Products Manufacturer

"We have been benefited by the Code. There is more information available to creditors on secured transactions which otherwise would not be a public record. The enactment has positively had no adverse effect on our business. We highly recommend its operations."

Mining

"We have used the Code in the sale of various culm and slush banks and certain other personal property. The benefits do not rest in simplification; some lawyers believe the Code has complicated the procedure. The benefit rests in the fact that the

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What Can Be Done to Meet Increased Costs?

Ten Concepts of Management for Today's Manufacturer to Consider

By PETER E. HELLER
Vice President
Walter E. Heller & Company
Chicago and New York

INCREASED costs are no new problem—all of us have been wrestling with them for many years. When it looks like stability in prices is likely to be achieved, we find other problems just around the corner.

P. E. HELLER

What can be done about increased costs?

Two extremes would be: first, to produce more goods, given the same number of employees and the same amount of time; the other, to eliminate employees from operations by the purchase of additional machinery and equipment. The solution certainly falls somewhere between these two. One factor that probably will be considered by all in arriving at a midway point is the plant's community responsibility. You can't run a plant without a profit, at least not for very long, but all of us must look beyond our own balance sheet and operating statement in making decisions which will affect our business.

How do we start revamping costs fairly to all concerned? Certainly first by reviewing each part of your manufacturing cycle to see the percentage of labor expended in each operation, taking operation by operation to determine what functions, if any, in addition to those already performed can be done by the additional purchase of machinery and equipment; taking into consideration:

(1) Capital funds that must be invested; (2) Maintenance cost; (3) Interest costs; (4) Increased productivity; (5) Depreciation as a cost; (6) Total wages saved in people that may be replaced; (7) The period of time it would take for the machine to pay for itself as contrasted to its normal life. See if there are any features in the contemplated equipment that would make it obsolete before it would be paid out, and estimate for what period of time you would have its use after full payment had been made.

Consider also in your adjustment of your labor force the flexibility that a man gives you as against a fixed price of equipment and the fringe or indirect operations that they could perform; also perhaps the complete elimination from your operation of certain high-cost labor operations in which you cannot make significant reductions and on which it might be advisable for you to purchase these products rather than manufacture them and, of course, conversely, the addition of facilities where you feel you could produce for less than you are presently paying your suppliers, who are now faced with the same problems.

After examining your schedule of costs and determining what changes should be made, how do you approach the problem of getting the additional machinery and equipment? Where will this money or credit come from? Some operations are blessed with excess or idle cash. If you have rotating bank lines, compensating balances cannot be considered idle cash, as those funds are actually securing your credit and working for you. Idle cash, therefore, consists of those funds that you are not using for day-to-day operations and should certainly be used for these equipment purchases.

Since not all of us are blessed with such an easy solution, the funds must come from other sources, such as:

(1) Sale of unnecessary fixed assets or inventory reduction; (2) Sale and lease-back of your physical properties; (3) Mortgage of physical properties; (4) Increased borrowing; (5) An increase in capital; (6) Issuance of long-term unsecured notes.

Since many may turn to the use of increased borrowing other than the issuance of long term unsecured notes, which is, of course, another type of borrowing, this section deserves further comment, as there are several courses open. Generally speaking, three main courses of action can be followed:

(a) Acquiring machinery and equipment under time purchase contracts; (b) use of revolving credit to finance your accounts receivable; and (c) pledging of inventories.

PETER E. Heller is vice president of Walter E. Heller & Company of Chicago and New York, dealing exclusively in commercial financing.

Mr. Heller attended Yale and Northwestern and is a World War II veteran, who served 3½ years in the Marine Corps. He joined Walter E. Heller & Company in February, 1948, in the accounting department, progressed through various other divisions and was appointed a vice president in August 1954.

Among his business activities are sales and servicing of accounts.

Time Purchase Contracts

Should the equipment be purchased or leased? These are technical and tax questions that should be governed by the operation position of the company, to what use it will put the equipment, and for how long it expects to use such equipment. Should you determine that leasing the equipment is preferable, be sure that you can write off your rental payments against your operating income.

Should you desire to purchase rather than lease, compare your depreciation rate with your rental expense and both of these with the useful life of the equipment. We can generally assume that on a purchase you would be required to put up a down payment of between 20 and 30 per cent. The question often arises: "Should I purchase the equipment and place a mortgage on it, or should I buy the equipment under a conditional sales contract?" In most cases, the purchase of a piece of equipment through a conditional sales contract allows you to start with smaller equity on your part, and still have the use of the equipment, than if you owned the equipment and placed a mortgage on it. The reason for this is that in most cases a financing in-

stitution under a conditional sales contract has a two-name piece of paper; that is, indorsed by the purchaser and indorsed either partially or fully by the seller.

Had you purchased the equipment outright and requested a mortgage be placed on it, obviously the seller has accomplished a sale and would have no interest in giving any kind of guaranty to a financing institution. You, as purchaser under a conditional sales contract, are in effect using the credit of the seller to have the equipment made available to you with less equity.

Use of Revolving Credit

For many years this has been a practice used by industrial and commercial firms. It is growing in importance. What you establish in this financing medium is a continuing and revolving source of funds predicated upon your outstanding accounts receivable. Such credit is usually given by commercial finance companies which make it a business to stay with an account until the use of their funds or services is no longer required. You are not required to pay down or pay out the funds that have been advanced.

In practice, you use these funds as actual capital, and their use rises and falls with your needs. Advances given are usually classified as a current liability, but since the use of the funds is continuing, they are actually as long term as any item on your balance sheet, more so than a mortgage or unsecured notes, in that these items require amortization. Funds are advanced under two methods: (1) the pledging of accounts receivable, which is a borrowing; and (2) factoring, which is a sale. Both programs have their special advantages.

Pledging of Inventories

Inventories too can be used to secure funds which also are revolving and continuing. Your inventories are normally placed in a public or field warehouse. Receipts and releases for commodities stored are issued by the warehouseman. Funds are advanced to you immediately upon the delivery of the warehouse receipt and repaid upon release.

Certainly the raw and finished inventories generated by members of this association would be eligible for inventory loan consideration. The only commodity usually excluded from this program is work in process, because during the processing the individual commodity has little or no value. In turn, it often changes form or character and cannot be identified. Therefore, in order to obtain an adequate cash flow, combine receivable and inventory financing, using the funds generated through the medium of accounts receivable to pay back what is taken out of inventory.

Certainly these methods of financing should not be overlooked in seeking additional funds.

More Machinery?

In considering the revamping of your organization in order to absorb these wage increases, an important consideration that should not be overlooked is the production increase that may result from the acquisition of additional machinery and equipment.

Such increased rate of production demands the willingness of suppliers to give you additional credit, the stockpiling of additional parts and supplies inventory, the maintenance of additional goods in process, the carrying of larger completed inventories, and the extension of more credit to your customers. In total, you may easily find that if you purchased $100,000 worth of additional equipment, you would need another $100,000 in your business to carry these additional assets, which easily could be produced by your equipment. Obviously, there is little purpose in obligating yourself to machinery payments if you don't in turn set up a financial structure to carry the increased output from which you intend to pay for the equipment, by and aside from the savings that you may expect to gain in your payroll. These two considerations go hand in hand.

There are certain concepts of management which should be considered by all manufacturers today. They are:

(1) The borrowing of funds instead of leaning on suppliers' credit and the passing of supplier discount.

(2) Setting up manufacturing facilities that tie in with production capacities.

(3) If bank credit is to be sought it should be on a seasonal basis, as banks don't regard themselves as sources of permanent or capital funds.

(4) Attempt to set up the operation so that your break-even point will be 30-40 per cent below capacity.

(5) Maintain a balance between your fixed and current assets so you don't become cash poor.

(6) Maintain working capital funds with either long term credit or revolving credit.

(7) Issue preferred and common stock only as a basis for additional credit, realizing that capital is the most expensive form of borrowing and can be justified only if additional credit can be obtained and profitably used.

(8) Try to maintain overhead expenses with a limited amount of fixed obligations, so that if there is a sales reduction, overhead can be reduced proportionately.

(9) Determine the profitability of your operation based on the percentage earned on your employed capital. When the desired percentage and dollar figure is arrived at, this figure can easily be translated into a percentage of net income to sales.

(10) Finally, know what your customer wants and needs, and be in a financial and manufacturing position to serve him better than anybody else. Your customer, the people who work with you, your suppliers and your creditors, form the four cornerstones of any operation.

Floor Plan Called One Answer to Growing Distributor-Banking Asked by Customer

AN increasingly evident delinquency pattern from dealer to distributor to manufacturer in the appliance-TV industry is complicating the problem of distributor-banking for his customers, and floor planning is one answer, says Thomas O. McDavid, vice president, Commercial Credit Corporation, Baltimore.

T. O. McDAVID

"During the past few years of creeping inflation we have all become accustomed to distributors carrying heavy receivables," the finance executive declares. "Volume has been good and there has been an increasing trend toward the extension of open account credit to dealers, whereby the distributor has more and more become the banker for his dealers. So no one had been particularly worried about heavy distributor receivables so long as the distributors' manufacturers and the distributors' bankers showed a cooperative attitude. However, by July of last year the concern that our manufacturer credit managers had expressed to me in May (at the 60th Annual Credit Congress, Cincinnati) was proven to be well-founded."

Mr. McDavid, addressing the Electrical and Electronic Wholesalers Industry Group at Miami Beach this year, drew a contrast from the procedure in the automobile sales field, from an experience in Detroit.

"Finance Holds"

"While I was sitting in the elaborate offices of some highly paid automobile sales executives, I noticed that many phone calls were being made and received concerning 'finance holds.' The term is foreign to your industry. It refers to automobiles that are ready for delivery to the dealer but are held up while waiting for a finance company or bank to give the factory a check covering them.

"Now, in your industry most any dealer whose body is warm, and who has no current overdraft at the bank, can solve such a situation by telling you to 'charge it', and if you are not that friendly in your credit dealings, he will go to your competitor and get credit on the cuff.

"All these years I have been telling you to send these dealers over to us for floor plan accommodation, and sometimes you have tried to do this, but these characters know the score. They know that you won't behave like they do in the automobile business and demand cash on the barrelhead from them, or insist that they use a floor plan, in which case you would get your cash through a third party.

"No automobile dealer, regardless of importance, or net worth, can buy on an open-account basis; and by the same token, most any appliance-TV dealer insists that that is the only way you are going to sell him.

"I ask you: Can you as a professional creditman afford to let your customers and your sales department throw established credit principles out the window? Certainly not, but you do owe it to the owners of your business and your whole organization to guide them to sounder credit practices."

FROM the University of the South and the old Eastman School of Business (Poughkeepsie, N. Y.) Thomas O. McDavid began his business career in 1928 with the Chemical Bank in New York. He took night courses in credit at Columbia and New York universities and the National Credit Office while bank credit investigator and analyst.

Mr. McDavid in 1931 joined Commercial Credit Company of New York as assistant to the regional manager. After six years he moved to the Baltimore headquarters as sales promotion manager, later became director of press relations, and since 1951 has headed the manufacturer relations department.

Mr. McDavid, commenting on the results of a survey of financing facilities made by business consultants for a major manufacturer, declared that in the report, which was "fairly accurate," the distributor and dealer attitudes were not sufficiently weighed against those of the manufacturers, banks and finance companies. He quoted this statement in the report: "There is declining interest by banks and sales finance companies in offering floor plan financing to dealers." This may be generally true, he said, "because of the type of dealers being herded to the banks and finance companies for wholesale," but "an important point they failed to make is that the dealers themselves, by and large, don't want any part of a floor plan (even when it is free) so long as you continue to carry them. Therefore, the problem is in your hands.

"If you want to use other people's money to finance your sales to dealers, you and your competitors should get together on a program to head off receivables by promoting the practical use of floor plan credit."

Other Major Factors

Among other major factors which he feels have had an adverse effect on the appliance-TV industry the past year, the finance executive lists these:

1. Over-production and under-pricing;

2. "Distress" and "orphan" merchandise;

3. Portable television, "toy television in a silk shirt economy—cute little packages that don't seem to provide any place for profit in them;"

4. Retail financing;

5. Too many dealers.

Mr. McDavid, pointing to overproduction of nearly all products last year by certain manufacturers, declared, "Maybe it is too much to expect that individual manufacturers should recognize that we are in an era in which prosperity is keyed not to production but to consumption."

The executive cited the "mass

surrender or capitulation of a score or more of manufacturers, principally in the television field, that left millions of orphan sets in the hands of the public and the distributors and dealers of the deceased." Nevertheless, "the average time payment buyer who had bought at higher price showed that he was a responsible citizen who would pay his debts."

The Retail Problems

In retail financing, he pointed out that "in dealing with average and lower than average credits, and being deprived of the cream, unless the dealer screens his paper the bank or finance company must reject a certain percentage of deals which is costly to them." Today, "financing charges on small balances frequently do not cover the handling charges plus the added costs of credit rejections from which there is no income."

There still are twice too many appliance-TV dealers to maintain a healthy retail distribution system, Mr. McDavid asserted. "There are less people today to blame for this situation, but this is a good time to help some of these conscientious, hardworking little fellows get located in a job where they will be paid well instead of worrying about their own payroll."

This "year of adjustment," he said, is the time to "adjust our sights on the qualifications of a dealer." For the long pull, he predicted, the future is very bright. "You already have the American housewife so spoiled that she won't get up from the television chair to turn on the dishwasher even though the disposer already has taken out the garbage, the range is cooking dinner automatically, and the refrigerator is making the dessert."

Fire Underwriters' Profits Fall Off for Five Years

Both stock and mutual companies underwriting fire insurance have shown a steady decline in profit the last five years as soaring losses and expenses have more than counteracted steady increase in premium income, experience statistics of the New York State Insurance Department reveal.

The stock companies in 1952 had an overall underwriting profit of 9.6 per cent; 1956 showed an underwriting loss of $\frac{7}{10}$ per cent. Loss ratio in the period rose from 43.7 per cent to 51.7 per cent. Expense ratio jumped from 46.7 per cent to 49 per cent.

Mutuals reflected a better picture, but the trend was unmistakably downward. Underwriting profit dropped from 28.1 to 20.2 per cent. Loss ratio went up from 34.4 per cent to 40.7, expense ratio from 37.5 to 39 per cent.

Reduction of discounts on term policies is the first step of fire insurance companies trying to reverse the trend, charging 85 per cent instead of 75 per cent on term business for each year in excess of one. In states where the authorities have approved this move, 8 to 10 per cent increase in premium volume has resulted.

Credit Only 'Somewhat Tight,' Bankers Conclude in Survey

Credit is only "somewhat tight," reported 55.5 per cent of the 1,400 commercial banks participating in a survey by the department of monetary policy of the American Bankers Association. The conclusions refute reports bandied about that heavy demands for credit and the restrictive policies of the Federal Reserve Systems have seriously tightened bank credit.

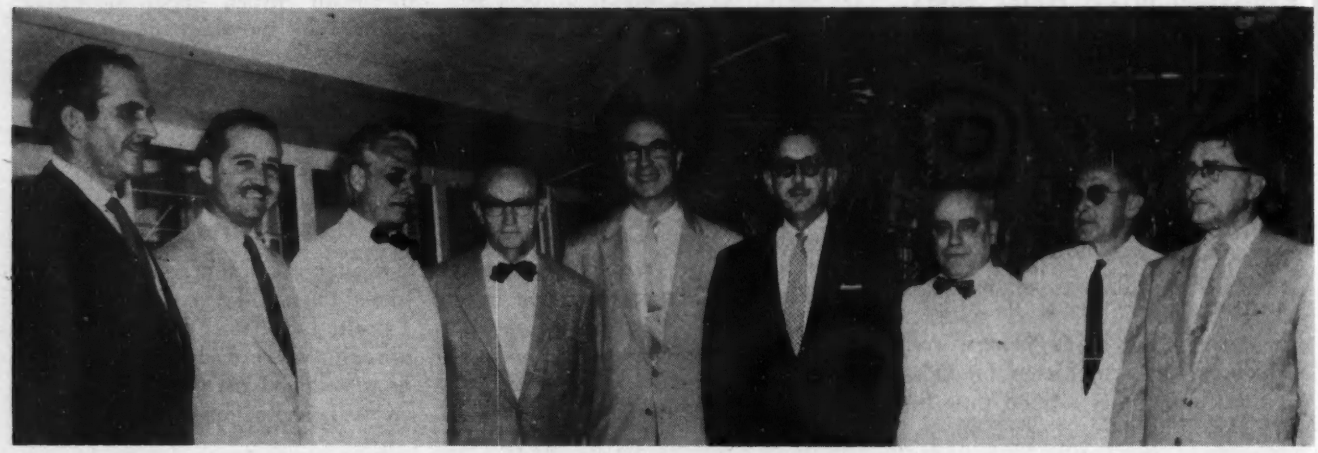
While greater selectivity has followed, available short-term credit for businessmen, consumers and farmers was reported adequate. "Very few, if any" of small business concerns in their localities suffer from inability to obtain as much credit as they merit, 71 per cent of the bankers wrote. Said the department's analysts: "Small and medium-sized banks, whose business loans consist predominantly of credits extended to small firms, have been less affected by the tightening of credit than the larger banks."

The replies also showed that "banks have slowed down on mortgage loans more than on any other type of credit."

Mohr Retires at Talcott

Walter A. Mohr, who in 1929 joined the credit department of James Talcott, Inc., New York, has retired as senior vice president, post to which he was named last year. He continues on the board of directors.

ELECTED. Among the 1957-58 officers and directors of the Lexington Credit Men's Association are (l to r) Tom McCormick, First National Bank and Trust Company, vice president; J. W. Mann, Lexington "Herald-Leader", director; Mrs. Lucy M. Snyder, secretary; J. Walter Warren, Womwell Automotive Parts, and E. Gross, Brock McVey Co., directors. Not in picture: J. H. ellman, United Service Co., reelected president, and directors A. G. Mainous, Citizens Bank & Trust Co., and A. J. Weisenberger, Weisenberger Sanitary Flour Mills, Midway, Ky.



HANDS ACROSS THE SEAS IN CREDIT COOPERATION—Havana and New York. Left to right: Dr. Nunez Pascual, representing "El Mundo"; Nicolas Hernandez, executive director, Asociacion de Profesionales de Credito de Cuba; Dr. Borrel, of Rotary International; Philip J. Gray, NACM secretary and foreign department director; Jose Mola Morilla, of BANFAIC, president of the Cuban affiliate; Raul Lopez Munoz, vice president, Laboratorios Gravi; Jose Fernandez Malaver, Crusellas y Cia.; Luis Cosme Vives, Banco Continental Cubano; Felipe Carus Zapata, Productora de Superfosfatos.

THE WINNAH! S. E. Schultze (center) president of Stanley Schultze & Co., Inc., Louisville, receives and displays the trophy for best golf score of the day on the Louisville Credit Men's Association Fun Safari to French Lick, Ind. Left to right: J. E. Mueller, Sr., association vice president, Mr. Schultze and M. W. Nicholson, secretary-manager.

"MARSHAL WYATT EARP" (N. I. Ottinger, Cook Paint and Varnish Company) deputizes 20 members of the St. Louis Association of Credit Men to corral as many non-member credit managers. (L to R) P. J. Wilder, Century Electric Co., president; Mr. Ottinger, and F. J. Athanasakos, Gaylord Container Corp., co-chairmen, membership committee.

AT THE HELM. Officers and directors, National Association of Credit Management, Inc., Cherokee Unit (Chattanooga). Left to right (seated), C. F. Hubbuch, Hubbuch Glass Co., pres.; G. Royal Neese, secty.-treas.; E. Lee Smith, General Insurance, board chairman; G. Lamar Ireland, Miss Mary Lou Case, J. Byron Taylor. STANDING: A. H. Tanner, J. Forrest Kirkpatrick, G. M. Cramer, R. K. Elmore, Mrs. Mildred P. House, M. E. Ruffner, N. Rowe Burgner, Robert Mason, and Mrs. Winnie Mae Holmes, pres., Wholesale Credit Women's Group. Not in picture: H. R. White, First Federal Savings & Loan Co., 1st v.p.; N. M. McGuire, Cabin Crafts, Inc., 2d v.p.; B. P. Pedersen, LeBron Pursley and Mrs. Margaret B. Anderson.

FIFTY GOLDEN years of marriage are being observed by Charles A. Wells, past president of the National Association of Credit Men, and Mrs. Wells, at their home in St. Joseph, Mo. Mrs. Wells and their daughters have frequently attended the Credit Congresses with Mr. Wells, whose first convention was that of 1918, in Chicago. He was elected NACM president at the convention at Grand Rapids, Mich., in 1939.

Mr. Wells was Atchison county clerk at the time of their marriage at Rock Port, Mo. For years he was associated with the John S. Brittain Dry Goods Company in St. Joseph, as credit manager, then secretary-treasurer. He was also president of Arbuthnot-Stephenson Company in Pittsburgh. Always civic-minded, he is past president of the Good Government Association and is a director of the Y.M.C.A. and the Chamber of Commerce.

Mr. Wells was a friend of William Jennings Bryan and had him speak several times for the Chautauqua organization he headed.

A. EDWARD SOUTHGATE, vice pres., Reading Anthracite Co. and past Eastern division v.p., NACM, moving to New York headquarters, is guest at Philadelphia luncheon by the Plus One Club, Industrial Club, and officers and directors of The Credit Men's Association of Eastern Pennsylvania. L to R (seated): A. C. Schnitzler, National Airoil Burner Co., past pres.; F. M. Kurz, Whiting Patterson Co., Inc., pres., Plus One Club; C. Stewart Hebden, Rohm & Haas Co., chairman, Industrial Credit Club, P. Edward Schenck, Container Corp. of America, assn. pres.; Mr. Southgate; C. E. Fernald, Fernald & Co., past pres. NACM, and Eastern Pennsylvania unit past pres.; J. T. Brown, Jr., retired, past National director and former assn. pres. STANDING: E. I. Atlee, Jr., retired, and C. E. Wolfinger, Lit Brothers, past presidents; B. E. Van Dyke, The Esterbrook Pen Co., director; J. V. Williams, Concrete Products Co. of America, Div. American-Marietta of Pa., past pres.; G. W. Schaible, General Electric Co., v.p. and J. A. Eiseman, The First-Pennsylvania Banking & Trust Co., v.p.; J. Leroy Vosburg, Fernald & Co., past pres.; R. P. Wray, Hajoca Co., vice pres.

ON THE

Personal Side

Wallace E. Jeffrey, New York, and Wilson D. Sked, Chicago, have been advanced to vice presidents of Marsh & McLennan. Mr. Jeffrey is past chairman of the Insurance Advisory Council, National Association of Credit Men, and Mr. Sked is divisional vice chairman. Both have written insurance articles for Credit and Financial Management.

Mr. Jeffrey joined the company in 1921, and in recent years has concentrated on developing insurance programs for financial institutions. He is a member of the American Arbitration Association and the Insurance Society of the State of New York. He has served as director and insurance committee chairman of the New York Credit & Financial Management Association.

Mr. Sked, a director of the Chicago Association of Credit Men, joined Marsh & McLennan in New York following graduation from Yale in 1935. From the casualty insurance department in 1943 he went to Washington on loan to the RFC insurance section, and returned to the company in 1945, in Boston. The following year he was named assistant vice president there. He has been at the Chicago office five years.

With the retirement of R. L. Gaylord as assistant general credit manager, J. Allen Walker, general credit manager of Standard Oil Company of California and president of the National Association of Credit Men, has announced appointment of L. E. Banker as assistant general credit manager and C. B. Sonne as assistant to the general credit manager.

Mr. Gaylord had served Standard 45 years, beginning as office boy in the Sacramento general offices. He was responsible for many new procedures in credit operation.

Mr. Banker, promoted from assistant to the general credit manager, had joined Standard in 1945 in the Salt Lake City credit office as a senior clerk. Mr. Sonne had become associated with the company in 1949 as a credit analyst in the home office credit department and had advanced to senior credit analyst.

Other appointments: J. A. Burmaster to senior credit analyst; G. R. McGregor to district credit manager, Honolulu; D. H. Charno to assistant regional credit manager, Portland, Ore.; R. A. Rood to assistant regional credit manager, Spokane, Wash.

Frank H. Borchert, formerly credit manager, Kansas City, has been promoted by Colgate-Palmolive Company to divisional credit manager, Household Products Division, at the New York home office, and Norbert Andrews, who was credit supervisor in New York, has been advanced to credit manager of the Toilet Articles Division—Kansas City plant. The promotions are in line with the divisionalization program of the company.

George F. Barber, advanced from credit manager to assistant treasurer of Crucible Steel Company of America, Pittsburgh, assumes new responsibilities for credit and claims administration. Mr. Barber, graduate of Princeton University, joined Crucible in 1947 in the New York office and became its assistant credit manager before transfer to the general offices as credit manager in 1955. Previously he had been with Crossley, Inc., New York, and the Bank of New York.

John C. Mueller, financial analyst, also was named an assistant treasurer.

B. K. Hattery has been named credit-office manager of the Seattle plant of Joseph T. Ryerson & Son, Inc. He began with the company in 1955.

Edward M. Kerwin, senior vice president, E. J. Brach & Sons, Chicago, recently was named a director. Mr. Kerwin went with the candy concern 35 years ago from American Manganese Steel Company, where he was assistant secretary and assistant treasurer.

W. E. JEFFREY

W. D. SKED

J. C. MUELLER

G. F. BARBER

B. K. HATTERY

E. M. KERWIN

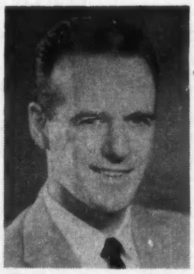
J. K. Banville has been appointed assistant treasurer, Tennessee Coal & Iron Division, U. S. Steel Corp., Huntington, W. Va. He began in the organization planning division of Carnegie-Illinois Steel Corporation. He became assistant treasurer and assistant secretary, later held the same position with United States Steel Company when it was formed in 1951. In 1953 Mr. Banville was made manager, treasury department, United States Steel.

Gerald D. Stone has become a partner in S. D. Leidesdorf & Company, New York City. He has been with the accounting organization since 1949. Mr. Stone is a trustee of the New York Institute of Credit. In the New York Credit & Financial Management Association he has served in the Adjustment Bureau. He is president of Textile Square Club and past president, New York chapter, National Association of Cost Accountants.

Melvin E. Rubenstein has joined Rosenthal & Rosenthal, Inc., New York City, as assistant treasurer, with duties primarily in the commercial financing division. Mr. Rubenstein formerly was controller, Max Mandel Laces, Inc., New York. He holds the Executive Award of the NACM Graduate School of Credit and Financial Management, Dartmouth (1955). He is a member of the Credit Men's Fraternity, director New York University Club, associate director New York chapter of the National Association of Cost Accountants.

Jerome G. McCormick has been appointed assistant general credit manager, Allen B. Du Mont Laboratories, Inc., Clifton, N. J., of which Robert W. Norcross is general credit manager and assistant treasurer. Mr. McCormick joined Du Mont in 1954, in the credit department of the receiver division, becoming divisional credit manager of that unit. He is a member of the Major Appliance Manufacturers Credit Association.


M. E. RUBENSTEIN


J. G. McCORMICK

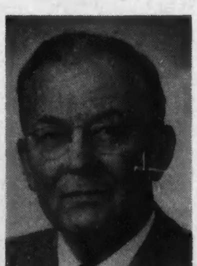

K. A. BOOS


W. PIERICK


E. W. JONES


H. J. LONGEWAY


H. C. WALTON


J. T. BARRETT

Kenneth A. Boos has been named controller-secretary, The Upson Company, Lockport, N. Y. He also is secretary of Upson's subsidiaries: Tuco Work Shops Inc., The Beaverboard Company, and Upson Chemical Corporation. He began with the company in 1946 as cost accountant; advanced to chief accountant five months later, to assistant treasurer and assistant secretary in 1951, and to treasurer and assistant secretary a year later.

Edward W. Jones, elected treasurer of Hamilton Paper Company, Miquon, Pa., has been with Hamilton more than 30 years. He was elected controller in 1945, controller and assistant secretary in 1950. Mr. Jones, a graduate of the University of Pennsylvania, is active in the Credit Men's Association of Eastern Pennsylvania.

W. S. Pierick, controller, Miller Brewing Company, Milwaukee, Wis., has been named treasurer. He is former treasurer and vice president of the National Association of Cost Accountants and past president and secretary of the Controllers Institute of America. Mr. Pierick had been successively with Arthur Andersen and Co., Line Material Co., McGraw Electric Co., and John G. Conley & Co., before joining Miller Brewing Co. as controller in 1952.

John F. Savage was elected secretary.

Harry J. Longeway, now president-treasurer of Michigan Steel Tube Products Company, Detroit, Mich., had been secretary and treasurer of the company 11 years. He had obtained his certified public accountant certificate in Michigan in 1936 and had been engaged in public accounting practice for 15 years.

Horace C. Walton, named financial assistant to the president and group executive of the general products group of American Machine & Foundry Company, New York, was formerly controller of Mutual Chemical Company of America, now part of Allied Chemical and Dye Corporation. Earlier he had been divisional controller of A. J. Julliard & Co., Inc. He was an officer in the U.S. Merchant Marine in World War II.

Mr. Walton is a member of the Controllers Institute of America, the American Institute of Accountants, and the New Jersey Society of Certified Public Accountants.

John T. Barrett has been elected director and treasurer of Henry G. Thompson & Son Company, New Haven, Conn., with which he has been associated more than 25 years, serving successively as office manager, credit manager, controller and assistant treasurer. He was president of the New Haven Association of Credit Men in 1946 and is a member of the national legislative committee and the Hardware Manufacturers Group, National Association of Credit Men, also of the New Haven Chapter of the National Association of Certified Public Accountants.

John DiNublia of the General Electric Supply Corporation of Boston has been named district operating manager for the Seattle District. Mr. DiNublia was author of an article on credit problems in the construction field in the March 1953 issue of Credit and Financial Management.

Arthur Moench, named brands manager, Hiram Walker Distributors, Inc., metropolitan New York, has been with the company since 1933. He has served as officer and director, Distillers Group, New York Credit & Financial Management Association.

Robert F. Bender is executive vice president-finance, International Telephone & Telegraph Corporation. He formerly was vice president, treasurer and director of Minute Maid Corporation and earlier had been controller of Bigelow-Sanford Carpet Company.

Miss Vella deArango has been named treasurer of Gascon Paper Company, Cleveland. She is a member of the Credit Women's Club of the Cleveland Association of Credit Men.

Modernizing the Office

New Equipment to Speed Production and Reduce Costs

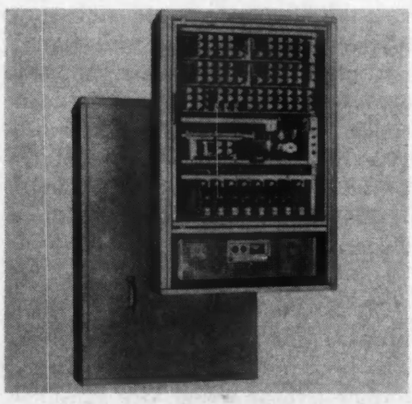
World Map in Relief

431 New relief map of the world, suitable for offices, conference rooms or reception lobbies, has been published by AERO SERVICE CORPORATION, aerial mapping company. Formed of rigid vinylite plastic, the three-dimensional map measures 64x41" and is printed in 10 rich colors, representing land elevations and ocean depths. Detailed coverage includes 2,000 cities and towns, 450 bodies of water, 700 islands, capes and mountains. International airports, railroads and boundaries also are shown, along with time zones. Stations of the International Geophysical Year are shown. Map scale at the equator is 1 in. equals 434 miles. Plastic surface protects colors. Easy cleaning with damp cloth.

Selective Intercom

432 TALK-A-PHONE COMPANY'S new 6-station selective wireless intercom system is designed to operate on any one of six channels without interference with other communication within the system. This feature permits individual systems to be used on the same area on the same transformer. Talk-A-Phone wireless staff stations can also be used for paging purposes. The new selective wireless system is adaptable for additional units, starting with two, and is particularly desirable for instant or temporary installation, providing a complete system without preparatory installation work since units plug into the conventional electric outlet.

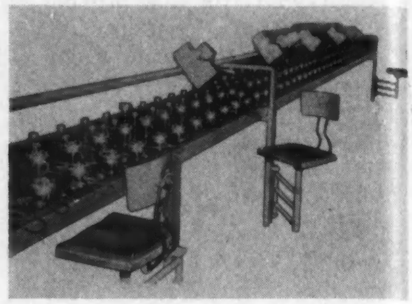
Private Switchboards



433 Private automatic switchboard exchanges for anywhere from 10 to 1,000 lines and more, in addition to two to six-station installations, are available from TELE-NORM CORPORATION. The 27-line board shown is available with two, three or four connecting links permitting multiple simultaneous conversations; comes in strong metal cabinet for wall mounting with removable front cover, built-in power supply unit. Optional: conference facilities, tielines to interconnect switchboards, visual or audible paging facilities.

This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Please address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.

Swing Chair

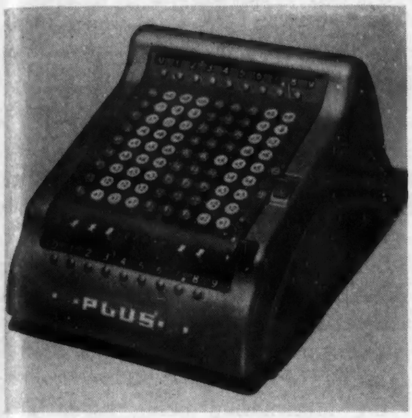


434 A bracket swing chair unit that can be mounted on tables, benches, walls or machines, the patented AJUSTRITE of Ajusto Equipment Company offers a number of features. Seat adjusts a full 8 in. Steel bracket swings 15½ in. from wall or other fixed surface. Chair seats and back rests of upholstered or plywood material are available. Flat wall mounting bracket is standard; special mounting brackets to serve any individual needs may be developed on application.

Trigger-Type Labeler

435 The TRIG-A-TAPE Model T-4 portable Label Printer of The Custanite Corporation makes, applies and prints a paper self-sticking label in one operation, by simple finger pressure. The T-4 unit will print prices, code numbers, or similar information on blank or preprinted labels, or directly on merchandise. Printing is performed with interchangeable slide-in porous rubber stamps. Labels also will take pencil, ink or crayon. Trig-A-Tape machine is safe on all surfaces, including glass, manufacturer says.

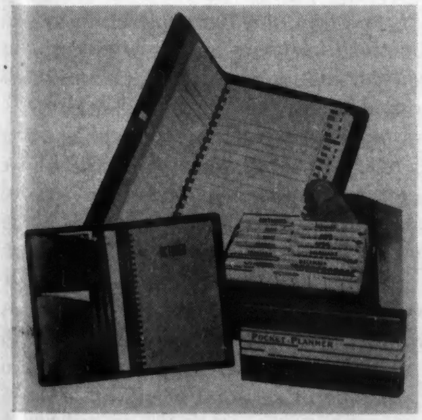
PLUS Calculator



436 PLUS Duplex Electric Calculator features the extra "memory" register for automatic grand and net totals; automatic accumulation and subtraction. It also incorporates a "full cent" feature which automatically rounds off amounts standing in the front dial upon their transfer to or subtraction from the rear memory dial. The machine is particularly adaptable to payroll, invoicing work and sales analyses because of advantages over single register equipment. PLUS Duplex calculator, product of Plus Computing Machines Division, Control Systems, Inc., is available in two capacities: Model 909ED, 9/10 capacity, and Model 912ED, 12/13 capacity.

Pocket Secretary

437 The POCKET-PLANNER system of Regency Crafts, Inc., for people on the go, permits recording notes systematically and chronologically, and keeping record of appointments and expenses. The complete set consists of a fine leather pocket "secretary," 12 indexed monthly diaries, 12 monthly expense cards, and a

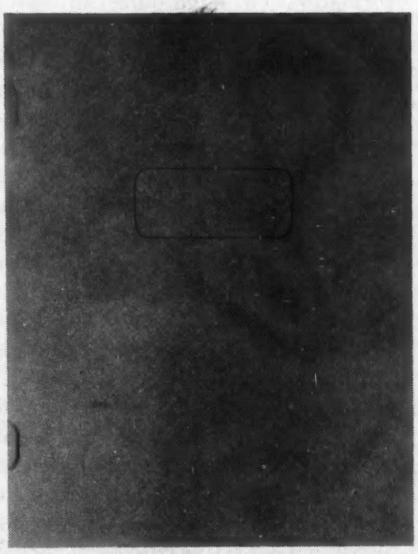


Reputation is a personal possession frequently not discovered until lost.
—N. A. Rombe

sturdy file box. Each individual monthly diary (3½"x6") has a day-by-day index; two full pages for each day's notes. Each month you slip the proper diary into the secretary and take it wherever you go. Sets may be ordered to start with any month and continue for 12 consecutive months.

What a Nickel Buys

438 The "Do-It-Yourself" binder cover of AMBERG FILE & INDEX COMPANY retails for only five cents, proudly notes the manufacturer. The 8½x11" binders are made of attractive leatherette material and feature die-cut construction which allows

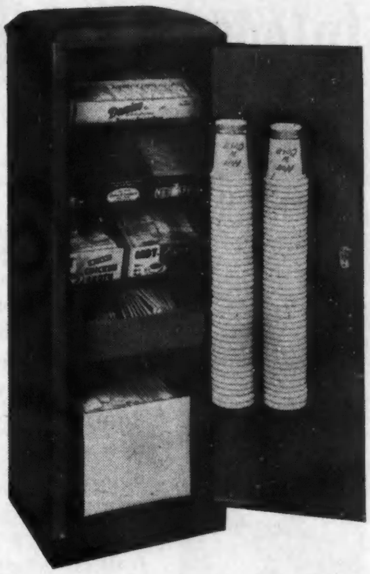


binding to be done with ordinary staplers. Design allows binder cover to be opened freely. Comes in two styles, 570 with plain front, 571 with cut-out window front for identification of contents. Choice of five colors.

To Cut Coffee Time

439 Companion piece to the OASIS Hot 'N Cold Water Cooler, this neat, compact beverage locker of The

The office machine shown on page 29 of the November issue was Burroughs Sensitronic equipment.



Ebco Manufacturing Company stores hundreds of units of assorted instant beverages (coffee, chocolate, soup), sugar, spoons, and approximately 100 cups. Yet it is only 36" high x 13" wide x 11" deep. Lock and key installation assures safekeeping of contents; allow beverages to be sold if desired. Made of sturdy 20-gauge steel.

File Storage on Wheels

440 ROL-RAK systems increase the capacity of storerooms and filing areas up to 50 per cent, save space by mounting filing cabinets, storage shelves, tool cabinets or lockers on ball-bearing wheels that roll on steel tracks. Made by Mobile Racks, Inc., Rol-Raks can be applied to existing or new storage facilities. The device eliminates the need for the usual space-wasting aisles between rows of cabinets. Storage units move lightly on ball-bearing bases, making them practical for use by women employees. Wheeled base units are adjustable.

Integrated Order-Writing and Invoice Tasks Improves Office Efficiency and Reduces Costs

A New Look at your forms design and systems procedures can well lead to integration of diverse order writing-invoicing tasks. The treasurer of a Midwest company tells how such a step obtained for his company the benefits of a centralized accounts receivable system while it retained the benefits of a decentralized order billing system. The circumstances are outlined by W. J. Luby, of Central Scientific Company, Chicago.

W. J. LUBY

The company manufactures and distributes scientific instruments, laboratory equipment and supplies for use in industrial, governmental, school, college and research laboratories. Established in 1888 and recognized as a leader in its field, Central Scientific has ten stock carrying branches and four sales offices in this country. To facilitate customer service and convenience, order writing and billings are made from these decentralized branches.

UARCO Plans the System

"Under the old procedure, orders were written as received on a four-copy set," says Treasurer Luby. "The top copy became a hecto-master through a hecto ribbon on the typewriter. A great deal of the information on each order was copied from a master customer file. Upon shipment, one of the copies was returned to the billing department and matched with the hecto-master. Quantities shipped and extensions were added to the master, then the invoice and its copies were run. One copy was sent to the tabulating department, where accounts receivable and sales detail cards were key punched.

"Repetitive writing necessary to create orders for established customers, to write back orders, and to key punch cards made it necessary to investigate the principles of Integrated Data Processing. It was decided to purchase FPC-8 Programatic Flexowriters to do the repetitive writing. Discussions and systems conferences with an IDP-trained UARCO sales representative and members of UARCO's systems planning staff led to the decision to store customer information on edge punched cards. The Flexowriters would be equipped with edge punched card reader and punch units. These units could interchangeably process paper tape or edge punched cards.

WILLIAM J. LUBY, treasurer, Cenco Corp., Central Scientific Co. and Subsidiary Co., and Refinery Supply Co., began with Central Scientific in 1932, following 10 years in public accounting with David Himmelblau & Company. CPA and Northwestern University graduate he lectured for 17 years in accounting at his alma mater.

"Original document writing thus would be done automatically for the most part. It was also important that human error normally associated with recopying data be eliminated. By integrating the complete system, it was felt that order processing would become more efficient, less costly."

Master customer edge punched cards were prepared, containing all the constant customer information, including codes ultimately needed for tabulating cards. Cards were cut for only the most active customers, which were determined by a statistical report from the tabulating department. On orders received from inactive customers, all information would be typed manually. This enables keeping the card file to a convenient and economical size.

All orders are placed with a catalog reference which contains codes necessary for machine accounting. This eliminates any manual coding normally required if items were ordered by description only.

When an order is received, the master customer edge-punched card is pulled. All constant information is typed automatically. This master card contains STOP codes at the points of manual insertion. At the same time, a second tape is created containing all information shown on the order. This tape is filed with a copy of the order until notification that the order has been shipped.

Then the second tape is used to initiate the invoice, 90 per cent of the information being typed automatically. Again, the machine stops at the points of manual insertion, such as invoice date, quantity shipped and extensions. While the invoice is typed, a third selected tape is cut, containing only information needed for accounts receivable and sales detail cards. This tape is later converted to cards on an IBM 046 tape-to-card machine. All duplicating of customer information from the accounts receivable card into the sales detail cards is in one operation.

When all or part of an item must be back-ordered, a new order is required. Previously, this was another manual operation. Under the new system, however, this too is done 90 per cent automatically, using the tape created when the original order was written.

Branch Office Operation

The tapes created at invoice-writing time are mailed to the central machine accounting unit in Chicago for automatic conversion into tabulating cards for further processing of accounts receivable and sales analysis statistics.

"We installed five Flexowriters at Chicago in the spring of 1954," Mr. Luby writes. "Since that time we have expanded the application to four other locations, with an aggregate total of ten additional machines. We had been using tabulating since 1947, including accounts receivable, sales analysis, sales costing. The Flexowriter operation therefore placed greater emphasis on the tabulating operation at an earlier stage of input.

"We have been very pleased with the results thus far and feel that, as our growth continues, the system will prove even more satisfactory from the operating point of view."

CREDIT—SALES MEETINGS

(Continued from page 11)

been of outstanding value not only in improving our accounts receivable turnover but in keeping the pipelines open. This list also notifies the salesman if we are holding an order until payment is received. The electronic parts jobbers field has grown phenomenally in the last six years. In 1950, there were 880 jobbers in business; at the close of 1956 there were 1400 handling primarily electronic components. Furthermore, 403 branch operations were opened in the period; 62 concerns discontinued business. Annual volume increased from $274 millions in 1950 to $598 millions in 1956.

Salesmen's Influence Considerable

The industry as a whole is in reasonably good financial condition. Nevertheless, 50 per cent continue to overtrade on available working capital. The tight money situation will place an additional strain on the undercapitalized. In all probability they will have to rely more heavily on suppliers. In fact, they have no other place to go, and failures are bound to increase.

Attempts have been made to impress upon the sales representatives that they have a considerable influence on the entire picture, on whether they are overloading the jobber.

We know of a jobber who sells primarily to industrial accounts. Last year he handled a volume in excess of $900,000 with an inventory on hand of only $85,000.

Even a jobber selling to dealers and servicemen can maintain a lower inventory in view of the availability of all lines. It seems to me that is the best way to build the account to a more sound basis. Unfortunately, this theory usually is given a setback when the various promotions start or when warning of price changes is given.

This emphasizes the importance of getting across to the sales personnel a full understanding of the credit department's policies and operations. In our industry, about the most opportune time is at our national meeting each year in May, just prior to the Electronic Parts Show in Chicago. The credit manager is allowed a part of a day of a sales conference for a session on credit.

Selection of a general topic of timely and vital interest to all has been our guide in building better relations with the sales department. At one session we would stress the development of marginal accounts, on the theory that the marginal account of today may well be tomorrow's blue chip volume outlet. On another occasion we have reviewed case histories of bankruptcies, discussed the accounts in which we were involved and the ones in which we were not involved, and the reasons why.

Always we compliment our sales force on their cooperation and the significance of a close working relationship.

The salesman is required to file a credit inquiry form on new accounts. This supplies the essential information plus the personal observations of the salesman. Some new businesses are reluctant to release this information. When faced with this situation, the credit department will send a standard financial statement form explaining that this information is necessary. We inform our salesman of this action and usually get a major assist from him.

Many Credit Practices Evolve From Sales Staff Meetings

J. E. REMINGTON
Credit Manager
Minneapolis-Honeywell Regulator Co.
Minneapolis, Minnesota

IN the last few years the economy has undergone a transition from a seller's market to a highly competitive economy—one beset with a scarcity of dollars. Today's focus is on the imperative need for "team operations" by the credit and sales functions. In any company, profitable sales volume requires two-way communications between Sales and Credit. The proper relationship must be developed and maintained. We must help the sales department understand that marginal business can be developed only by the unified efforts of the merchandising and financial team. Presentation of credit policies, objectives, and practices at sales conferences is a tool that must be put to constant use.

The primary purpose of such discussions is to develop sales department understanding of our credit policies and practices. In addition, we want to obtain suggestions for improvement and for formulation of policy changes.

Many of our credit practices result from suggestions made at our sales meetings. Our credit representatives gain as much in their understanding of merchandising difficulties by attending a sales conference as they contribute to the sales group in their understanding of credit. Many of our credit practices result from suggestions made at the time of our sales management meetings.

Normally, our presentation is directed towards national and district meetings. On occasion, when circumstances warrant or when our representatives are traveling a territory, local meetings are held. The format of these meetings varies widely. It is determined largely by the size of the group, and may range from a rather formal talk to the conference discussion and case study techniques. Visual aids, such as charts and graphs, are frequently used. In all meetings, at least one-half hour is devoted to a free discussion of any credit topics desired by the group. Real benefit results.

We have found it desirable to change frequently not only the material presented but also the method of presentation. For example, at present we are participating with our treasury department in conducting financial training for home office sales marketing executives. The purpose is to develop a better general understanding of financial policies, accounting concepts, balance sheet and income statements. We think it important that our sales executives be well informed on the cost of borrowing, the availability of money, profit ratios in industries.

A credit conference is held semi-annually with certain of our top sales managers. The major marginal and past-due accounts are brought up for open discussions. This not only insures an awareness of the credit picture but also enables us to benefit from the close relationship existing between our sales representatives and our customers. Our attitude and credit decision on many of our

accounts is changed as a result of these discussions. For instance, the discussion of potential volume might well affect our credit attitudes.

In addition to communication between Credit and Sales, comparable presentations are developed for the executive level of management.

Pass Along Credit Knowledge To Sales Whenever Possible

J. C. CALDWELL
Assistant Credit Manager
Armco Steel Corporation
Middletown, Ohio

WE in Credit believe that we have the best sales department in our industry, and our sales department has the same respect for us.

Such mutual confidence will result in requests from district sales managers that Credit representatives visit their territories. It will bring recognition of Credit by both top management and sales management, and participation in sales conferences will naturally follow.

Knowledge is the formula for developing confidence. A well organized credit department is guided by certain basic policies, of which each member is aware. The creditman is a specialist. So too is the salesman, in his field, and it is too much to expect him to understand the functions of a credit department without indoctrination. Therefore, every opportunity should be seized to pass on this knowledge, whether at a general sales meeting, during a conversation in the home office, at a pre-arranged meeting in a district office, or on a visit to the field with a salesman.

The type of participation of the credit manager in sales conferences will depend largely on frequency of meetings, the credit background of the sales people, and the object to be accomplished.

In most large organizations new salesmen have a period of training at the home office. Make arrangements for these new men to spend a day, two days, or a week of their training program in the credit department, to learn why it is important to turn the receivables rapidly and avoid bad debt losses. Show them how a credit file is completed, the available sources of information, the methods of assembling information, of collecting delinquent accounts. Point out the value of giving Credit advance notice of a new account to allow time for completing the credit file. Show them how information from the salesman's personal observation ties in with other data available in the credit department to complete the story of the customer's status. Illustrate how credit department can help salesmen utilize their time more effectively by pointing out poor credit risks and by keeping the salesmen informed on progress of the good accounts. But most of all, make certain the sales trainee completes this phase of his training with assurance that Credit will make every possible move to supplement the sales effort.

In many organizations, where district offices are strategically located, conferences of all salesmen are held only once a year or possibly every two or three years. Hence it is important to make the most of the credit phase of the conference.

First, remember that salesmen are not financial men, and one should speak in language they will understand.

Be sincerely liberal in your praise for the assistance given the credit department by the sales personnel.

In a general discussion, from a credit standpoint, explain the effect on your own company as well as your customers of changing availability of money, of a change in the turnover of accounts receivable or inventory. Select one subject to develop more fully.

Instill in individual salesmen and district managers the desire to visit your office and discuss individual accounts or special problems. Become personally acquainted with each salesman. Without realizing it, you are rapidly expanding your field as a credit specialist.

Participants in Study

JOHN C. CALDWELL, assistant credit manager, Armco Steel Corp., Middletown, Ohio, is a graduate of Miami University and of the NACM Graduate School of Credit & Financial Management (Dartmouth 1955).

H. M. EVANS, credit manager, Tung-Sol Electric Inc., Newark, N. J., is chairman of the eastern credit committee of the Electronics Industries Association and a member of the board of trustees of the New Jersey Association of Credit Executives.

WILLIAM H. KEPLINGER, assistant treasurer and general credit manager of Crown Zellerbach Corp., San Francisco, is a graduate of Ohio University. He attended the NACM Graduate School at Stanford and is vice president of the Credit Managers Association of Northern and Central California.

E. W. LUTZ, general credit manager, and secretary of finance committee, The General Tire & Rubber Co., Akron, received his education at Western Reserve University and Cleveland School of Business Administration. He is a past director of the Akron Association of Credit Men.

H. P. MACDONALD, assistant treasurer, Westinghouse Electric Corp., Pittsburgh, last year was named president of the Credit Association of Western Pennsylvania. His entire business career has been with Westinghouse, of which he is also assistant secretary and credit manager.

J. E. REMINGTON, graduate of the University of Minnesota school of business administration, was with the FBI before joining Minneapolis-Honeywell Regulator Company 15 years ago. From technical representative of the aeronautical engineering division he became assistant to the vice president for sales, and in 1953 was named general credit manager.

HOWARD STOUGHTON, JR., assistant treasurer of Hewitt-Robins, Inc., Stamford, Conn., is also credit manager. Graduate of Dartmouth College, he was treasurer of The Hart Manufacturing Company in Hartford before joining Hewitt-Robins in 1953.

N. F. VOELL, credit manager, CHAIN Belt Co., Milwaukee, attended Marquette "U" and the University of Wisconsin. In the war he was cost accountant ordnance division, U. S. Rubber Company. He joined CHAIN Belt in 1944 as cost accountant.

JOHN C. WIESNER, credit manager, California Packing Corp., San Francisco, who last year was elected president of the Credit Managers Association of Northern and Central California, was the 1955 recipient of the Alumni Merit Award of the NACM Graduate School at Stanford.

Guides to Improved Executive Operation

KEEPING INFORMED

PUBLIC RELATIONS for Small Business Concerns presents answers to questions and explains that public relations represents attitudes and a state of mind, not ledger figures and physical inventories. Write Information Division, Small Business Administration, Washington 25, D.C.

YOUR MONEY MANAGER—16-page, 2-color booklet written by J. K. Lasser Tax Institute. Four-step plan to help individual allocate funds in personal financial management. Includes blank forms. Send 25¢ in coin to American Visuals Corp., 460 Fourth Ave., New York 16, N. Y.

IMPROVING PERSONAL SELLING IN SMALL BUSINESS — Practical suggestions to improve sales of the small marketer. Write Small Business Administration, Washington 25, D. C. Free.

COMPETITIVE TACTICS FOR SMALL WHOLESALERS—No. 9 of SBA's "Small Marketers Aids," this one prepared by management consultant William J. Guyton suggests five areas of study of competitive strength and functions to improve. Copies of leaflet available from Small Business Administration, Washington 25, D. C., or any field office. Free.

MANUAL OF OFFICE REPRODUCTION—In the 212 pages of the Manual, the author, Irwin A. Herrmann, presents a comprehensive coverage of reproduction processes, systems duplicating, and imprinting methods. Many charts, examples, pictures. $3.25. Office Publications Company, 232 Madison Ave., New York 16, N. Y.

THE WORRY-GO-ROUND—A 20-page booklet emphasizing that worry continues tension and is slow poison. Write to The Connecticut Mutual Life Insurance Company, Hartford 15, Conn., for free copy.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving booklets described below in this column, address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N. Y.

EFFICIENCY TIPS

636—1957 catalog of Chart-Pak, Inc., "Visualization Made Easier," contains 24 pages of illustrations and descriptions of company's line of printed tapes, templates and other charting materials.

▼

637—"In Recordkeeping It's Visibility That Counts," 16-page brochure of Diebold, Inc., describes advantages of the Tra-Dex vertical visible record system; includes accounting and stock department case histories.

▼

638—Columbia Ribbon & Carbon Manufacturing Co. offers two new catalogs, one on its line of Carbon papers, business machine ribbons, hectograph duplicating supplies; the other on "Colitho" offset duplicating plates and supplies. Write us.

▼

639—Samples of a new type of photocopy paper, for making perfect photocopies under any conditions, are offered by Copease Corporation. Write us.

▼

640—24-page catalog of Robert John Company shows the numerous combinations that can be created from basic modular office furniture units of the company, offers ideas for arrangements.

1000 N.Y. Area Bankers Visit Burroughs Automation Exhibit

A thousand bankers from New York City and surrounding areas, says Burroughs, attended the first New York showing of the corporation's complete automation program for financial institutions. Bankers visiting the display saw, in one integrated exhibit, products from checks to electronic computers that will handle the deposit accounting media of the future. The exhibit was a joint effort of the Burroughs, Todd and Electro-Data Divisions.

BOOK REVIEWS

ACCOUNTING REPORTS FOR MANAGEMENT — By Ronello B. Lewis. $15.00. Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N.Y.

• When management turns to the accounting department for a detailed answer to questions of financial operations, budget controls, profits or other fiscal matters, it wants reports that are factual, balanced and easy to read, not complicated and incomprehensible jargon. This new and timely book provides a wealth of pertinent data and constructive helpfulness on the technique of preparing accounting reports with speed, for greater comprehension, with suggestions to help executives read lengthy accounting reports faster and with greater satisfaction. Thirty-two "life-size" exhibits of typical simplified management reports, including 19 double-size, fold-out charts are a special feature. Enthusiastically recommended as a "Must" for reading and study by every executive who must from time to time present reports to management.

CONSUMER CREDIT INSURANCE — By Daniel P. Kedzie. Sponsored by The Consumer Credit Insurance Association. $5.00. Richard D. Irwin, Inc., Homewood, Ill.

• One authority has observed that "the consumer credit insurance industry may be characterized as one of growth, controversy, misunderstanding and great potential." The author believes that the composition of consumer debt is sound and foresees continued growth. To anyone interested in consumer credit this book is a necessity. It covers the origin, development and the advantages and abuses of consumer credit, as well as its insurable protection, the underwriting, claim administration, policy provisions and regulations.

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your bookstore or direct from the publisher.

ANNUAL REPORTS

(Concluded from page 15)

figures in the balance sheet. These reports, often run off on a duplicating machine, were seldom read by other than bankers, large investors and trust executives, since most companies were controlled by a handful who held thousands of shares.

Ten Million Stockholders

The picture has changed radically. Close to 10 million Americans now own the greatest industrial empire in history. Many never see their industrial property. The bulwark of an American business is the small stockholder, who feels he can get more for his money by such investment. Illustrative is the history of The General Electric Company. The company recently announced its shareholders total a record 376,371, an increase of 15,140 in a year. More than half the individual shareowners are women; two-thirds of the owners have fewer than 100 shares.

This is the healthiest kind of trend for American business. These "little" people are collectively the most important customers, as ambassadors of company goodwill and participators in American personal initiative.

These are the audience the management wishes to reach and in the last decade it has done a remarkable job. The stockholder, with the proper annual report, comprehends management's problems. That leads him oftentimes to take an active interest so that he may become a permanent investor, an owner. When the owners have faith in the management they stand pat in crises, immune to the misrepresentation that often occurs in proxy contests, and each a vociferous salesman for the products. The company with such stockholders finds a ready market for its securities.

Your company's annual report is competing for the investor's dollar with about 25,000 others. A poll by the Citizens Utility Company ranked the annual report's importance with that of such trusted guides as broker's memorandum, write-ups in statistical services, and advertisements.

Most companies surveyed are now increasing the number of pages in their reports, and twice as many concerns have increased the trim sizes. Many do a die-cut job. An Ohio Match Company report resembles a match book. The front cover is cut away, below it, and the face of the back cover shows a 1⅝" wide band of black abrasives like the strip you strike with a match. Westinghouse circulates a report that looks like a checkbook, each main classification represented by a check. The pages facing the check show the expenditures. All this may sound expensive, but some of the best reports are produced on surprisingly inexpensive budgets.

The annual report is your company's "silent salesman." The small business that spends its limited budget properly for the right kind of annual report has a distinct advantage over the huge corporation with a large appropriation that sends out an ineffective report.

SOLOMON BALSAM, Ph.D., executive vice president of Contempo Agency, New York, and director of its annual reports department, is a graduate of New York University and Columbia University. Mr. Balsam holds the Pulitzer Award; Alexander Mackenzie Lectureship in Political Science at McGill University, Montreal; the Henry Evans Fellowship at the Sorbonne, Paris.

***Dr. Balsam, writer for many magazine and radio shows, was public relations counsel for the late Franklin D. Roosevelt, and from 1935 to '37 was foreign correspondent of the Philadelphia* Record.**

PENNSYLVANIA CODE

(Concluded from page 17)

procedure and the remedies, as well as the rights of the parties involved, have been codified and therefore, are subject to judicial interpretation. A lawyer is in a much better position to advise his client as to his right and remedy. The benefit derived is not from simplification but from a greater degree of certainty resulting from codification."

Mining Appliances

"The Code has not caused any general upheaval in our business practices. We do not feel that our business has been adversely affected. Our information is that there has been very little litigation concerning the Code, which speaks well for it. In general, we feel the Code has had a salutary effect."

Oil Refining

"We are satisfied that our business has benefited both directly and indirectly. One direct benefit is that the Code requires a financing statement to be filed at Harrisburg. This information is relayed to us by mercantile reports on the accounts in which we are interested. The information often is of vital interest to the credit department. The indirect benefits are too numerous and involved to define."

Refractories

"The Code has not too great effect on our business, adversely or otherwise. We do feel a great deal has been accomplished through the requirements in respect to assisting credit men on credit approvals. It is extremely helpful to be informed when one of your customers pledges his assets as security on a loan. This is a requirement of the Code. The information is readily available to any reporting organization. It is also gratifying to know when chattel mortgages are arranged, as information of this type may alter a credit decision.

"Only one phase of the Code has affected us adversely, and that only to a minor degree. The purchaser is permitted to change the date on the invoice to the date when it is received. In some instances we have been forced to wait a little longer for payment when our invoices are delayed in mailing to the customer."

Specialties Wholesaler

"The Uniform Commercial Code is a wonderful thing for large suppliers selling white goods or other merchandise readily identified with a serial number. However, in our case these laws are actually a hindrance. We sell paper products, toys, housewares and garden supplies, to everything from the smallest country store to the largest department, hardware and variety stores, including the chains.

"Very few of our items carry serial numbers. Therefore, these Code provisions definitely make us second rate creditors. With our hundreds of accounts it would be impossible to check the courthouse records to find out who is covered. In most of our accounts, if there were a financial emergency there would be nothing left for us to collect on."

Convention Leaders and Committees Speed Up Plans for Record Credit Congress at Detroit

By **HUGH M. FITZPATRICK**
Michigan Consolidated Gas Co., Detroit
Chairman, Publicity Committee
62d Annual Credit Congress

THE Silver Anniversary of Detroit's last Credit Congress presents a special challenge to all in charge of preparations for the 62d annual gathering of the National Association of Credit Men, and the vision and speed evinced by this year's committees already give ample evidence that the challenge is being met more than halfway.

Twenty-five years ago, at Detroit. E. D. Ross succeeded in the presidency Henry H. Heimann, who following his election at Boston was appointed association manager after the retirement of Dr. Stephen I. Miller in the fall of 1931.

Now comes testimony from Fred Flom, general convention chairman, and his four vice chairmen—John H. Frazier, Paul E. Ewers, H. L. Cottrell, and C. G. Bunting—that the many committees not only are going all-out but are actually ahead of schedule in shaping the multiple arrangements to assure a record-setting conclave in all phases—plenary programs, Industry Meetings, entertainment.

FRED FLOM

With Canada no farther away than the length of the Ambassador Bridge, more than 300 members of the Canadian Credit Men's Trust Association are expected to participate in the convention, May 18-22, under plans being expedited by the general convention committee.

Details of arrangements are being concluded with the Sheraton-Cadillac and the Statler, co-headquarters hotels, and the co-operating Fort Shelby and Detroit-Leland.

Here are the chairmen, vice chairmen and other principals on the scene rushing preparations for the Congress with S. J. Haider, NACM vice president, convention director.

FRED FLOM, general convention chairman, graduate of the University of Michigan, taught high school two years before joining the Detroit Edison Company in 1928. He is a director of the National Association of Credit Men and past president of the Detroit Association of Credit Men.

JOHN H. FRAZIER, Great Lakes Steel Corporation, is vice chairman of the general convention committee, coordinator of the registration, halls-and-meeting-rooms and Industry Meetings committees. He is a past director of NACM and past president of the Detroit association.

PAUL E. EWERS, Michigan Consolidated Gas Company, past president of the Detroit association, is vice chairman of the general convention committee, coordinator for the publicity committee and chairman of the host association attendance committee.

H. L. COTTRELL, General Electric Supply Company, vice chairman of the general convention committee, is coordinator of the entertainment and sergeant-at-arms committees. Mr.

(Concluded on following page)

J. H. FRAZIER

P. E. EWERS

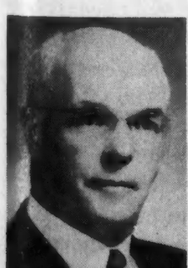
H. L. COTTRELL

C. G. BUNTING

A. A. BESTE

P. G. MOON

T. R. STANSBERRY



I. D. STEWART

MISS PREBISH

H. A.GAGNON

J. E. GIBBONS

H. W. DUGDALE

L. F. DAVIS

S. J. HAIDER

Cottrell is a past president of the Detroit organization.

C. G. BUNTING, Fenestra Incorporated, is vice chairman of the general convention committee and chairman of the program and speakers committee. He is a past president of the Detroit association and past trustee of Credit Research Foundation, Inc.

ALBERT A. BESTE, Koening Fuel and Supply Company, vice chairman of the general convention committee, is official announcer as well as coordinator for the transportation committee. Mr. Beste is a past president of the Detroit unit.

PHILIP G. MOON, National Bank of Detroit, is chairman of the 62d Credit Congress budget and finance committee. He is treasurer of the Detroit Association of Credit Men.

TYRUS R. STANSBERRY, Manufacturers National Bank, Detroit, is coordinator of the auditing and grand marshal committees.

IVAN D. STEWART, Aluminum Company of America, general assignments for the Credit Congress, is first vice president of the Detroit association.

MISS H. J. PREBISH, of Allen Cooler and Ventilator Incorporated, is coordinator for the decorations committee and chairman of the Credit Women's committee.

HOWARD A. GAGNON, Detroit Ball Bearing Company of Michigan, past president of the Detroit association, is coordinator for the committees on reception upon arrival, at registration, and information.

JAMES E. GIBBONS, Admiral Distributors-Detroit, general assignments, is president of the Detroit Association of Credit Men.

H. W. DUGDALE, Shell Oil Company, general assignments, is second vice president of the Detroit organization.

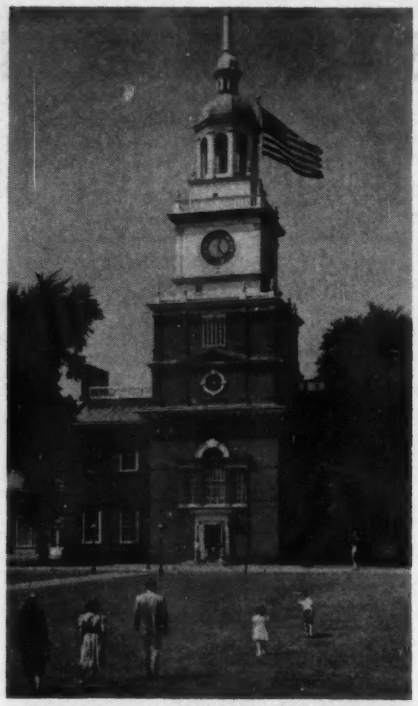
LOUIS F. DAVIS, secretary manager of the Detroit Association of Credit Men, is coordinator for the housing committee.

Schofield Suggests Measuring Sticks for Credit Executive

Speaking before more than 200 electrical supply distributor management representatives from Missouri, Kansas, Colorado and Kentucky, in Excelsior Springs, Mo., J. F. Schofield, executive vice president, St. Louis Association of Credit Men, projected these "measuring sticks" for the credit executive:

1) The credit manager is one of the company's top salesmen. He must constantly sell its products, services and, most important, its credit policy. 2) He must have a genuine feeling for people and the ability to work with, counsel and influence them. 3) He must be able to anticipate changes in business conditions in areas where his company's products are sold. 4) He should be a part of the management team, answering only to the financial officer. 5) He should be included in all important sales conferences. 6) He should be given the necessary tools and finances to do his job properly. 7) He should actively participate in the programs of the National Association of Credit Men, which provide him with contacts, advanced education, and collection tools. 8) He should be an active member of his industry credit group.

Where an incentive plan is in effect for sales department representatives, Mr. Schofield suggested its extension to the credit executive. He was addressing the annual meeting of the Missouri River Club, a management group of electrical supply distributors.



COLONIAL ENTRANCE to Greenfield Village, founded by Henry Ford, is replica of Independence Hall in Philadelphia. Greenfield Village attracts students of Americana from all parts of the world.

Cuba Association's Director Completes U.S. Study Tour

To his post as executive director of the Asociacion de Profesionales de Credito de Cuba, Nicolas Hernandez, has brought wide experience in credit operation and extensive educational preparation.

N. HERNANDEZ

Besides being a graduate in accountancy of Havana University, Mr. Hernandez, CPA, is in his final year of study for a doctor of laws degree, has studied for a diplomatic career and has specialized in insurance.

His services in credit and collections to companies in Havana include 10 years as assistant to Jose Mola while credit manager of Sabates S.A., Cuban branch of Procter & Gamble. Mr. Mola, of BANFAIC, is president of the Cuban credit association.

Besides a year as credit and collection manager for Cia. Cubana de Alcohol, Mr. Hernandez has served 10 years in a similar post at Adolph Kates & Son, distributor for Miles Laboratories and other U. S. companies in the pharmaceutical and cosmetics fields.

Mr. Hernandez, who was one of those who founded the Havana association in 1945, is a member of the CPA Association of Havana. He has just completed a five weeks tour of American cities studying operations of affiliate organizations of The National Association of Credit Men.

Investment Advertising Humanizes Its Approach

Eye-catching art, sprightly text and arresting captions, all in line with the modern concept of fruitful advertising promotion, reflect the efforts of investment bankers and securities dealers to humanize their approach, says W. Carroll Mead, of Mead, Miller & Co., Baltimore. Mr. Mead is educational chairman of the Investment Bankers Association of America. More than 300 advertisements, representing copy sponsored by 115 member organizations, are included in the current issue of "Reproductions," pictorial record.

SPEAKERS, CHAIRMEN AND GUESTS FROM NATIONAL at Great Lakes Credit Conference: (L to R) Eugene C. Waldeck, Milwaukee, vice chairman; Clarence J. Swalen, Minneapolis, Central division vice president, NACM, speaker and chairman of Conference planning committee; William M. Edens, Chicago, Conference chairman; Leland T. Hadley, Chicago, National director, vice chairman; George W. Coleman, economist, Mercantile Trust Company, St. Louis, speaker; J. Allen Walker, San Francisco, president, NACM, speaker; Henry H. Heimann, New York City, NACM executive vice president, speaker; Paul R. Gross, Chicago, vice chairman; Irwin Stumborg, Cincinnati, NACM past president; Ralph E. Brown, St. Louis, past Central division vice president, both former chairmen of Great Lakes Conference planning committees; and John Q. Adams, Youngstown, NACM director. Edwin B. Moran and S. J. Haider, NACM vice presidents, also were at the speakers tables.

THE GREAT LAKES CREDIT CONFERENCE

WARNINGS that credit is "as dangerous as dynamite if improperly handled" and that such clichés as "creeping inflation is normal and good" are but "intellectual tranquilizers" were sounded by economists addressing the Second Annual Great Lakes Regional Credit Conference, in Chicago.

A fast-moving roundup of business developments by a panel of financial editors and analysts of Chicago, Detroit and Milwaukee, and seven Industry Group sessions also highlighted the two-day conference of 400 credit executives. Represented were 16 associations in Illinois, Indiana, Michigan and Wisconsin.

Exploding Fallacies

Population growth does not necessarily mean economic growth, declared George W. Coleman, economist, Mercantile Trust Company, St. Louis, at the opening luncheon, presided over by Leland T. Hadley, Goodman Manufacturing Company, Chicago, conference vice chairman and a director of the National Association of Credit Men. Introduced by Clarence J. Swalen, Pako Corporation, Minneapolis, and Central Division vice president, Mr. Coleman said:

"Far from stimulating growth, the current population trend may be retarding the (economic) advance. It is not automatically true that every new baby is a buyer. He may be just a beggar. Every new infant is not immediately a producer. He is initially a consumer, and additional individuals must divide the same size pie.

"The most popular, or most reassuring, of these intellectual tranquilizers is that the Government won't let another depression happen." He called a further downward adjustment "almost certain" in the immediate future.

J. Allen Walker, Standard Oil Company of California, NACM president, spoke at the dinner meeting presided over by William M. Edens, Continental Illinois National Bank and Trust Company of Chicago, conference chairman and councillor of the Chicago Association of Credit Men. Music was provided by the "Singing Men of Steel," male chorus of the United States Steel Corporation, South Works, Harry S. Walsh, director.

Participating in the financial editors' panel discussion were the moderator, David Dillman, Inland Steel Company, Chicago; Ross Dick, Milwaukee *Journal;* Philip Hampson, Chicago *Tribune;* Ed Kandlik, Chicago *News*; Sam Lyons, *Finance* Magazine; and Robert Vickers, automotive analyst, National Credit Office, Detroit.

"A sound credit management must be demanded of the Government," said Henry H. Heimann, NACM executive vice president, at the Friday luncheon. "It cannot be said that Government expenditures totaling over $70 billions, and necessitating the highest tax load in history, constitute a sound use of credit."

A "tax cost-of-government inflation" is what we have today, Mr. Heimann declared, adding that nothing is more important than to concentrate on reduction of Government expenditures.

Presiding at Friday forenoon's audience participation roundtable was Paul R. Gross, U. S. Steel Corporation, Conference vice chairman, and Chicago association president. The moderator was Forest R. Cogswell, A. B. Dick Company; the summarization was by Neil Ruit, National Credit Office, Chicago.

Following Mr. Heimann's address, Mr. Coleman reviewed the conference discussion. An invitation to Milwaukee for next year's meeting was extended by Eugene C. Waldeck, Roth Appliance Distributor, Inc., conference vice chairman and councillor of the Milwaukee Association of Credit Men.

Also attending the conference were

(Concluded on following page)

Leaders Salute Voss on His Retirement;

Hunt Is Now Secretary at Cincinnati

EXECUTIVES of the National Association of Credit Men and the Cincinnati organization joined with civic leaders in a salute to Harry W. Voss at a testimonial dinner in tribute to his more than 40 years of service to Credit. Mr. Voss has retired after 24 years as secretary - manager, Cincinnati Association of Credit Men, and secretary-treasurer and manager of the association's Service Bureau.

H. W. VOSS

"Harry W. Voss has devoted a lifetime to service to the credit fraternity," said Edwin B. Moran, vice president, National Association of Credit Men. "For more than a quarter of a century his direction of the Cincinnati Association has contributed in a forceful manner to the stability of credit transactions in the Cincinnati trade area.

"Mr. Voss has performed his duties well, with dignity and character. He has lent a helping hand to many a man and business in their commercial ailments, serving truly as a business counselor. He has cultivated those finer values of living by serving others, and the community is better and stronger because Harry Voss has lived among you."

Born and educated in Evansville, Ind., Mr. Voss started in 1901 as a messenger in a shoe store; then successively worked for a newspaper as office boy and collector; was shipping clerk and assistant bookkeeper for several firms in Evansville; next headed accounting, credit and collections for a company in Paducah, Ky.

Returning to Evansville as credit manager of a wholesale grocery, seven years later he organized the Adjustment Bureau of the Evansville Association of Credit Men, and was association secretary and bureau manager. At this time he completed his formal education in law and was admitted to the Indiana Bar in 1920. He was manager of the Service Bureau of the Toledo Association of Credit Men until 1934 when he became Cincinnati secretary-manager.

Under Mr. Voss' leadership the Cincinnati association's membership has grown from 181 in 1934 to 67? in 1957. Last March the associatio completed paying for the building a 1207 Elm Street, now wholly owned by the organization.

PERSEVERANCE COUNTS
Enthusiasm may set the pace, but it takes perseverance to complete the job.
—N. A. Rombe

BILL L. HUNT, former assistant secretary-manager of the Georgia Association of Credit Men, has taken over his duties as secretary - manager of the Cincinnati Association of Credit Men, succeeding Harry W. Voss.

B. L. HUNT

Mr. Hunt received his bachelor of arts degree from the University of North Carolina (majoring in political science, history and English), and his bachelor of laws certificate from the Atlanta Law School.

In World War II he served in the Army Air Force (1943-1946).

In the Atlanta organization, with which he had been associated since July, 1951, he held the position of manager of the collection department, then the adjustment division, and since 1954 had been assistant secretary, assuming additional responsibilities in membership and office management and cooperating in the financial control of the association.

He conducted creditors' meetings, served as secretary in bankruptcy cases and as secretary of creditors' committees. He also promoted activities of various Industry Groups.

Mr. and Mrs. Hunt, with baby daughter Delma Elizabeth, have taken up residence in Cincinnati.

GREAT LAKES CONFERENCE

(Concluded from preceding page)

Irwin Stumborg, Cincinnati, past president, NACM; James H. Donovan, Pittsburgh, Eastern division vice president; E. B. Moran and S. J. Haider, National staff vice presidents; Ralph E. Brown, St. Louis, past vice president, Central division; National directors V. L. Ames, Neenah, Wis.; Loretta Fischer, Milwaukee; Fred Flom, Detroit; C. W. Kroener, Indianapolis, and John Q. Adams, Youngstown.

The Industry Groups that went into session after the Thursday luncheon included: Building materials, construction supplies and contracting; food and allied products; household equipment and furniture; industrial equipment, machinery and supplies; iron, steel and non-ferrous metals; petroleum and automotive supplies; wearing apparel and sporting goods.

Stanley Works Honors Ogren; 50 Years Continuous Service

Fifty years of continuous service brought special recognition from company and associates to Edward E. Ogren, assistant secretary and credit manager, The Stanley Works, New Britain, Conn. Walter C. Milkey, vice president-finance, presented him with a 50-year pin and 50 silver dollars in a miniature Early American tool chest.

E. E. OGREN

Native of New Britain, Mr. Ogren began at Stanley as office and mail boy and shortly was given charge of the mail department.

Transferred to the treasury department he organized a separate credit department and became its manager. In 1941 he was elected assistant secretary.

Past director of the National Association of Credit Men and past president of the Hartford and Connecticut associations, Mr. Ogren also served as vice president of the Boy Scouts Council, draft board secretary, and deputy chief observer in the Aircraft Warning Service. He is a past commander, local and county, American Legion.

Petroleum Credit Executives Analyze Policies

THE scope of opportunities before today's credit profession, petroleum requirements of the modern economy, Federal monetary policy, public relations and a panel discussion of customer relations were among podium topics highlighting the 33d annual conference of the American Petroleum Credit Association, in San Francisco.

F. L. Drake, Socony Mobil Oil Company, New York, is the new president. A. A. Hock, Tidewater Oil Company, San Francisco, was elected vice president. Regional vice presidents are W. J. Habkirk, British-American Oil Company, Toronto; R. W. Vanden Heuvel, Shell Oil Company, San Francisco; and Dewey Walker, D-X Sunray Oil Company, Tulsa. Named treasurer was B. H. Morse, Cities Service Oil Company, Chicago. Continuing as secretary is S. J. Haider, St. Louis, vice president, National Association of Credit Men.

FLOYD L. DRAKE (right) Socony Mobil Oil Co., New York, new president of the American Petroleum Credit Association, receives gavel from the retiring president, M. V. Johnston, Gulf Oil Corp., Pittsburgh.

Walker First Speaker

J. Allen Walker, general credit manager of Standard Oil Company, San Francisco, gave the first formal address. The president of the National Association of Credit Men spoke on "The Credit Profession—Today." Mr. Walker was introduced by M. V. Johnston, Gulf Oil Corporation, Pittsburgh, retiring president of the APCA.

A. C. Rubel, president, Union Oil Company of California, Los Angeles, discussed "Energy Requirements to Meet the Expanding Needs of our Economy."

In the afternoon Eliot J. Swan, first vice president and senior economist of the Federal Reserve Bank, San Francisco, spoke on "Monetary Policy and the Federal Reserve."

Credit Clinics Follow

Two clinics followed, with M. C. Roberts, Tide Water Associated Oil Company, Tulsa, chairman of one on jobber and/or distributor credit, and A. E. Fletcher, The Standard Oil Company (Ohio), Cleveland, presiding over the other, on contractor credit.

Robert R. Gros, vice president, Pacific Gas & Electric Company, San Francisco, opened Tuesday's session with an analysis of "Public Relations —An All Hands Job."

With R. W. Weiler, The Texas Company, New York, as moderator, a panel took up the subject, "Customer Relations—and the Credit Manager." Panelists were G. S. Runyan, vice president, Crown Zellerbach Corporation, San Francisco; E. M. Stanford, vice president and treasurer, I. Magnin & Company, San Francisco; Mr. Gros; and D. E. Burroughs, general credit manager, Shell Oil Company, New York. Open forum discussion followed.

"A Brief Case for Business" was the topic of F. T. Garesche, Standard Oil Company of California, San Francisco.

Three credit clinics in the afternoon, and their chairmen, were: credit cards, E. P. Simmonds, Magnolia Petroleum Company, Dallas; dealer credit J. S. Neff, Gulf Oil Corporation, Pittsburgh; and agricultural credit, R. D. Roberts, Union Oil Company of California, Los Angeles.

The 34th annual conference will be held at the Dinkler-Plaza Hotel, Atlanta, on October 12-15, 1958.

1958 OFFICERS AND DIRECTORS of the American Petroleum Credit Association. Seated (l to r) W. H. Montgomery, Pure Oil Co., Chicago, director; B. H. Morse, Cities Service Oil Co., Chicago, treasurer; M. V. Johnston, Gulf Oil Corp., Pittsburgh; F. L. Drake, Socony Mobil Oil Co., New York, president; S. J. Haider, vice president of National Association of Credit Men, St. Louis, secretary; W. J. Habkirk, British-American Oil Co., Toronto, regional vice president. STANDING: R. W. Vanden Heuvel, Shell Oil Co., San Francisco, regional vice president; J. R. Gramont, Standard Oil Co. of California, Western Operations, Inc., Los Angeles; F. J. Hutchings, Esso Standard Oil Co., New York; J. V. McLaughlin, American Mineral Spirits Co., Murray Hill, N. J.; M. L. Rufer, Standard Oil Co. (Indiana), Chicago; J. J. Zook, Vickers Petroleum Co., Wichita; G. A. Southard, The Ohio Oil Co., Findlay, Ohio; P. J. Murphy, Kerr McGee Oil Industries, Inc., Oklahoma City; Dewey Walker, D-X Sunray Oil Co., Tulsa, regional vice president. Not in picture: A. A. Hock, Tidewater Oil Co., San Francisco, vice president; and directors M. E. Bruce, Humble Oil & Refining Co., Houston; J. H. Drewes, The Texas Co., New York; L. T. Kendrick, Gulf Oil Corp., Atlanta; A. I. Richardson, Sun Oil Co., Philadelphia.

New Peaks Coming after Breathing Spell, Heimann Tells North Central Conference

"New peaks will be established in all activities of the economy; the price of credit will be maintained at about present figures, which strange as it may seem to some, are 'actually normal'; agricultural income will be reasonably well maintained and credit will be a bit easier after year-end." These are among factors looked for in the period ahead by Henry H. Heimann, executive vice president, National Association of Credit Men. Speaking at the dinner closing session of the two-day North Central Credit Conference, in Grand Forks, N.D., Mr. Heimann also pointed out that while new peaks will be established, "a breathing spell is an essential part of any dynamic economy" if a boom-and-bust period is to be avoided.

Federal Outlays Held Inflationary

"The Federal outlay is doing as much to stimulate inflation as any other factor," Mr. Heimann told the executives from North Dakota, Minnesota, and Winnipeg. "A tax reduction based upon reduced government expenditure would be most helpful to the economy," but "a tax reduction based upon deficit financing would give renewed impetus to the forces of inflation," he warned. Mr. Heimann predicted that business failures will increase, due to inexperienced managements and shortcomings in ability.

"New approaches will have to be found to control the modern types of inflation," said Dr. William E. Koenker, head of University of North Dakota economics department, in discussing characteristics of the current inflation. He contrasted price trends in industries where production was concentrated in a few firms, with prices in non-concentrated industries, such as agriculture. "In the former," he said, "prices continue to rise whereas in the latter prices have gone down."

Credit Clinics Featured

Credit clinics occupied the Saturday morning session.

C. J. Swalen, secretary-treasurer and director, Pako Corporation, Minneapolis, vice president central Division, NACM, explained the various activities of the National association to the 300 conferees.

Associations represented at the conference: Fargo-Moorhead Association of Credit Men, Greater Grand Forks Association of Credit Men, Minneapolis Credit & Financial Management Association, St. Paul Association of Credit Men, Duluth-Superior District Credit Association, and Canadian Credit Men's Trust Association, Ltd.

Larry Bue, First National Bank, Grand Forks, is president of the Greater Grand Forks Association of Credit Men. Merritt L. Welch, Implement Dealers Mutual Insurance Company, Grand Forks, was general conference chairman. George Wishart has been named president of the 1958 conference to be in Winnipeg.

Heimann Welcomes Swedish Trade Mission at Luncheon

Fourteen wholesalers from Sweden were guests of the National Association of Credit Men and its Foreign Credit Interchange Bureau at a luncheon and Round Table Conference in New York. Henry H. Heimann, NACM's executive vice president, welcomed the delegation and Mr. Bo Ljungman responded for the visitors.

The group is in America studying trade operations as part of a delegation of 64 businessmen, representing 20 industries, the largest mission of its kind ever to come from Sweden.

Mr. Ljungman, director, Federation of Swedish Wholesalers and Importers, heads the information and public relations activities for the group on an itinerary including Washington, D.C., Chicago, San Francisco and Los Angeles.

At the invitation of Philip J. Gray, director of NACM's foreign department, the guests participated in the Round Table discussion and heard speakers report without exception that their trade experiences with businessmen in Sweden were at the highest level.

L. R. Wendt, NACM Pioneer, Retires; 47 Years at Firm

L. R. Wendt has retired as secretary-insurance of Hinde & Dauche (Sandusky, Ohio), division of West Virginia Pulp and Paper Company, after 47 years of service.


L. R. WENDT

Mr. Wendt, one of the pioneers in the National Association of Credit Men and for many years a member of the Cleveland association, is the father of Gordon Wendt, general credit manager of Hinde & Dauche.

After a brief period with the Nickel Plate Railroad, L. R. Wendt left in 1910 to join Hinde & Dauche with a brother and their father, the late V. H. Wendt, who had been manager of the Gloucester, N.J. mill.

L. R. Wendt started in the order department and later became head of it. After a few years he was appointed assistant secretary and later advanced to assistant secretary and treasurer. He is a charter member of the American Management Insurance Division.

1,000th to Earn Institute's Fellow Award

THE 1,000th recipient of the Fellow Award of the National Institute of Credit is James J. Fox, 34, assistant credit manager, Reynolds Metals Company, Richmond, Va. He was president of the Richmond Chapter in 1949-50 and is a member of the Richmond Association of Credit Men.


J. J. FOX

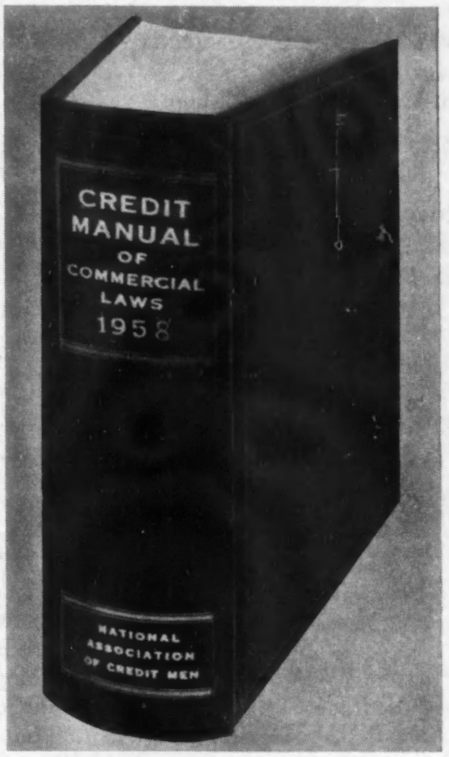
Mr. Fox, with Reynolds Metals 16 years, has been in the credit department 11 years. Previously he was employed by Lawyers Title Insurance Company, Richmond.

Last year he received his Associate Award in the NIC program, established in 1918 and conducted by the Credit Research Foundation, National Association of Credit Men. The first Fellow Award was presented in 1928.

Mr. Fox has a certificate in business administration from the University of Richmond, evening division. While in the Air Force he attended Butler "U", Indianapolis.

Just off the press!

The only book
on commercial law specially
written for credit executives



The 1958 edition of the CREDIT MANUAL of COMMERCIAL LAWS is off the press. In one volume the laws of trade are assembled in layman's language. In one volume the credit executive can find the facts which he needs to protect himself and his company. There is no other book on the market specially written for the credit executive.

The CREDIT MANUAL of COMMERCIAL LAWS takes you through all the legal steps involved in a business transaction. It tells you what you must do and what you must not do from the moment the order is received until the check is cleared. In short, it is a complete resume of the laws which affect a credit executive's work.

You can examine the CREDIT MANUAL of COMMERCIAL LAWS for five days without obligation. A quick perusal will show that this is a book which should be on every credit executive's desk if he is to avoid the legal pitfalls which beset every business transaction.

Send for your copy today and see for yourself. If you decide to keep it the price is $10.80 to members of the National Association of Credit Men, $12.00 to others.

Publications Department
National Association of Credit Men
229 Fourth Avenue New York 3, N. Y.

CALENDAR OF EVENTS IMPORTANT TO CREDIT

CARMEL-BY-THE-SEA, CALIFORNIA
January 16-18, 1958
Credit Management Workshop

VANCOUVER, BRITISH COLUMBIA
March 13-14, 1958
Annual Pacific Northwest Conference of Credit Executives

DETROIT, MICHIGAN
May 15-16-17, 1958
Annual Meeting of the NACM Affiliate Local Association Secretary-Managers

DETROIT, MICHIGAN
May 18-22, 1958
62nd Annual NACM Credit Congress and Convention

MILWAUKEE, WISCONSIN
September 18-19, 1958
Great Lakes Regional Credit Conference, including Illinois, Indiana, Michigan and Wisconsin

SAN FRANCISCO, CALIFORNIA
October 9-10
Pacific Southwest Credit Conference, including California, Arizona, Utah, Colorado, Nevada

ATLANTIC CITY, NEW JERSEY
October 16-18, 1958
NACM Tri-State Conference, including New York, New Jersey and Eastern Pennsylvania
Host: New York Credit & Financial Management Association

BIRMINGHAM, ALABAMA
October 16-18, 1958
Annual Southeastern Credit Conference, covering Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Louisiana

WORCESTER, MASSACHUSETTS
October 22-23, 1958
New England District Credit Conference, covering Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

Controllers Research Group Reelects Harold A. Ketchum

Harold A. Ketchum, financial vice president, Federal Pacific Electric Company, Newark, N. J., has been reelected president of Controllership Foundation, Inc., research arm of the Controllers Institute of America. Ronello B. Lewis, partner in E. F. Hutton & Company, New York, was chosen vice president. Two other vice presidents were renamed for another term: Arthur L. Boschen, vice president and controller, Vick Chemical Company, New York, and Robert L. Dickson, vice president-controller, Walter Kidde & Company, Inc., Belleville, N. J.

The Foundation's treasurer, Stuart W. McLaughlin, also was reelected. He is controller at West Virginia Pulp and Paper Company, New York. Paul Haase, managing director of the Institute, was renamed secretary and administrative director.

Deaths

H. P. Reader Was a Leader In Battle against Fraud

Houston Parker Reader, 81, who died in his sleep at his home in Lynhaven, Va., had served Cannon Mills, Inc., in a consultant capacity since his retirement in 1954 as assistant treasurer.

Mr. Reader, credit manager after joining Cannon Mills following service with Interwoven Stocking Co. and Ide Shirt Corporation, was a veteran of the textile field. He was a past president of the New York Credit & Financial Management Association (two terms) and a past director of the National Association of Credit Men. He was a leader in the NACM Fraud Prevention Department. Mr. Reader served on National's resolutions and policy committee at the 57th Credit Congress, in Montreal.

W. J. Purcell Headed Utica Association

William J. Purcell, vice president and general manager, Munson Mill Machine Company, and secretary, Divine Bros. Company, Utica, died after a brief illness. He was 1949-50 president of the Central New York Association of Credit Men (then Utica Association of Credit Men).

John D. Patterson

John D. Patterson, 74, former credit manager of Marshall-Wells Company, Duluth, had been active many years in the Duluth-Superior District Credit Association. He had been given a life membership in the association when he retired from the company.

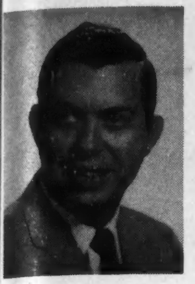
William J. Magee

William J. Magee, who retired two years ago as treasurer and director of Norton Company, Worcester, Mass., died at the age of 68. He was previously controller, then assistant treasurer.

Financial Officer Is Assuming Key Role in Emerging Economy

With a leveling off of the postwar expansion, the Number One problem of business becomes finance, and "Inventory and receivables management are critical problems of financial management today," notes Dr. Merle T. Welshans, professor of finance, Washington University, St. Louis. "No longer may it be assumed that inventory is 'better than money in the bank.' Nor can we assume that the momentum of a previously rapidly expanding economy will make good credit risks out of weak customers."

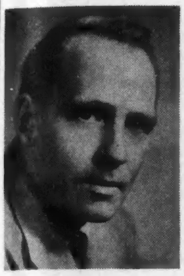
Dr. Welshans discussed the impact of current economic events on credit and financial management before the Cleveland Association of Credit Men.



O. G. SORRELL

J. B. MEISSNER, JR.

Executives in the News



LIONEL SCHMITT

G. A. MILLER

Treasurer Promotes Youth, Civic Planning, Profession

He builds for citizenship, community, profession. Orville G. Sorrell, new president of the Cincinnati Association of Credit Men, now is in his fourth year on City Council, Erlanger, Ky., member of planning and zoning board, manages champ team of 10-to-12 year olds in local Knothole League, Scoutmaster Boy Scouts. Member Kentucky Chamber of Commerce, in '56 he was district chairman Northern Kentucky United Appeal. He authored article "Character Prime Factor in Program," for NACM symposium, "Converting Marginal Accounts into Profit Customers."

Mr. Sorrell, 37, is treasurer and assistant secretary, The Michaels Art Bronze Company, Erlanger. Graduate of Salmon P. Chase College, he holds Fellow Award, National Institute of Credit, served with 8th Air Force combat flying personnel.

From Football to the Halls of Montezuma in Texan's Career

"Time out" whistle blew twice for Joe B. Meissner, Jr., of Wichita Falls, Texas, a member in 1941 of Texas' All-State football team. Once, in World War II for Marine Corps service, which included the study of Japanese in Naval Oriental Language schools. Again, in 1951-52 for duty as first lieutenant in the Corps. Between wars he earned his B.Sc. at Texas Christian U., went into business partnership with his father.

Now Mr. Meissner is secretary-treasurer of Bailey Meissner Company, wholesale plumbing and heating supplies. Recently he was named president of the Wichita Falls Wholesale Credit Managers Association. He is past president Sertoma (Service) Club and a deacon in his church.

Indianapolis Commercial Banker Is Credit Leader

Since graduation from Butler University in 1930, the career of George A. Miller, recently named president of Indianapolis Association of Credit Men, has been virtually entirely in banking. For the last 20 years Mr. Miller has been with American Fletcher National Bank & Trust Company, Indianapolis, of which he is assistant vice president, commercial loan department. Earlier he was with Equitable Life Assurance Society of U.S. and State Savings & Trust Company.

Mr. Miller is a member of Robert Morris Associates and the American Institute of Banking. He holds the graduate certificate in commercial banking from the AIB.

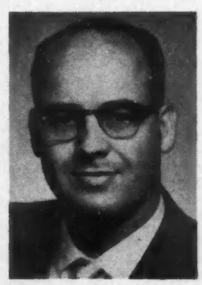
Northwest's Grandeur Spurs Civic, Professional Action

Lionel Schmitt, traffic manager of General Hardware Company, Tacoma, recently elected president of the Tacoma Association of Credit Men and the Wholesalers' Association of Tacoma, has been active for many years in Pacific Northwest business and civic affairs. He is immediate past governor of District #32, Toastmasters International, past president Tacoma Young Men's Business Club, vice president Mt. Rainier Council, Boy Scouts of America, past president Episcopalian Men of Pierce County, member Propeller Club, and has served on various state committees.

Teamwork is a household word at the Schmitts. Besides being the mother of five, ranging from 8 to 21 years, Mrs. Schmitt pursues a fulltime teaching career.

Oregon Dairy Executive Finds Broader Horizons and Honors

Alvin L. Reed's recent installation as president of the Portland (Ore.) Association of Credit Men followed directly upon service as president of the Retail Credit Association of Portland. Other honors: secretary - treasurer Council of Credit Men's Associations of the Pacific Northwest, member of the district board, N.R.C.A. At the 1957 Credit Congress, Miami, he was a member of the Food Products Wholesalers Industry Committee. With R. W. Kupfer, association secretary, Mr. Reed accepted the Zebras award on behalf of S. C. Abernathy, Portland, the winner. Mr. Reed has been in attendance for two years at the NACM Graduate School of Credit and Financial Management, Stanford "U."



A. L. REED

Twenty-two years ago Mr. Reed began with the nationally known Dairy Cooperative Association, Portland, as a cream grader and tester. On return from military service in 1944 he went into credit work and he now is general credit manager of the cooperative.

Reports from the Field

Youngstown, Ohio—The panel discussion on the credit situation ahead, held by the Youngstown Association of Credit Men, had participants W. T. Blair, Jr., vice president and treasurer, Sharon Steel Corp.; R. C. Kuenhold, assistant treasurer and controller, The Taylor-Winfield Corp., Warren; M. T. Moore, partner, Moore-Peterson Agency, Youngstown; and R. D. Rowland, vice president, Dollar Savings & Trust Co. Francis J. Wise, editorial writer for the Youngstown *Vindicator*, was moderator.

Wheeling, W. Va.—Shepard H. Patterson, vice president, Peoples First National Bank & Trust Co., Pittsburgh, discussed "A Fresh Look at the Financial Statement" for the Wheeling Association of Credit Men. Mr. Patterson is treasurer and a director of The Credit Association of Western Pennsylvania.

Bridgeport, Conn.—"Tight Money—Painful to Keep as Well as to Get" was the subject of Kenneth W. Tibbetts, vice president, National Credit Office, at the meeting of the Connecticut Association of Credit Men.

Albany, N. Y.—Leo V. Stockman, member of Stockman & Stephens, accountants and business consultants, and founder of the Toastmasters Club of Albany, spoke on "Growth and Responsibility" at the dinner meeting of the Eastern New York Association of Credit Executives.

Boston, Mass.—"Resistance to Change" was the topic of Prof. John E. Sullivan at the dinner meeting sponsored by the Boston Chapter, National Institute of Credit. Dr. Sullivan is lecturer in personnel administration and industrial management at Northeastern University School of Business.

Turning the "kickoff" meeting of the season of the Boston Credit Men's Association into a simulated session of the Greater Boston Chamber of Commerce, the guest speaker, William J. Bird, executive vice president of the Chamber, had the members divide into groups to think up ideas for civic improvement, then showed by charts that all the suggestions made were already in the project stage.

Kansas City, Mo.—"How to Develop and Maintain Good Relations between the Sales and Credit Departments" and "What the Sales Department expects from the Credit Department" were the topics, respectively, of Evan Smith, credit manager, Dierks & Sons Lumber Co., and George P. Oldham, sales manager, Gustin-Bacon Manufacturing Co., at the meeting of the Kansas City Wholesale Credit Association.

Pittsburgh, Pa.—Credo luncheon meeting of The Credit Association of Western Pennsylvania had as speakers S. M. Anderson, manager credit sales, Island Creek Coal Sales Co., Huntington, W. Va., who discussed "Credit Investigation for Long Term Exposure," and J. H. Conwell, credit manager, Eastern Gas & Fuel Associates, who spoke on the topic "Customer Interviews."

Baltimore, Md.—"The Conquest of Confusion" was the subject of Charles M. Hanna in his address at the 16th annual meeting of the Baltimore Association of Credit Men.

Detroit, Mich.—Judge Walter I. McKenzie was presented the L. E. Phelan Award for outstanding contribution to the credit profession, at the annual meeting of the Detroit Association of Credit Men. The presentation was by Arthur F. Lederle, chief U. S. district judge. Among guests was Judge Joseph C. Murphy, referee in bankruptcy for the District of Michigan.

Omaha, Nebr.—Bigger and better than ever, the Midwest Business Show, sponsored by the Omaha Association of Credit Men, featured the most advanced tools for modern office management.

Rome, N. Y.—Dr. Eric W. Lawson, chairman, finance department, Syracuse University, and co-author of "Changing Production Patterns," was speaker at the meeting of the Central New York Association of Credit Men, in Oriskany.

Jacksonville, Fla.—A four-session weekly credit improvement clinic sponsored by the Jacksonville unit, NACM, had these speakers and subjects: "Opening and Maintaining Accounts," Hugh V. Cook, credit manager, Horne-Wilson, Inc., and "Techniques on Credit Interview," Galen Longenecker, credit manager, Furchgott's; "Analyzing Financial Statements," C. C. Space, vice president, Atlantic National Bank; and "Credit Instruments," Marion E. Sweet, president, Springfield Atlantic Bank; "Collection Procedures," L. K. Miller, secretary, G. Fetter Puthuff Co., and "Insolvent and Financially Involved Debtors," James A. Fischette, attorney. The final session had Jack A. Pillar, division controller, Growers Container Corp., on "Marginal Account Decisions," and H. L. Krebs, district financial manager, Graybar Electric Co., on "The Selling Side of Credit."

Grand Rapids, Mich.—"The Credit Man and the Accountant" as partners in financial management was the subject of Robert Den Braber, CPA, at the noon business luncheon meeting of the Grand Rapids association. Cy Springer, of Standard Oil Company, delivered five minutes of economic news. Mr. Den Braber is treasurer, NACM (Western Michigan) Inc., also secretary, Western Michigan Chapter, Certified Public Accountants.

"Remedies Available to Debtors" was the subject of Cornelius Wiarda, attorney, at a subsequent meeting.

Milwaukee, Wis.—Robert C. Holland, assistant vice president and financial economist, Federal Reserve Bank, Chicago, discussed "Tight Money vs. Inflation" at the luncheon meeting of the Milwaukee Association of Credit Men.

Minneapolis, Minn.—"Conflict between Financial Management and Corporation Presidents" was the provocative title of a talk by Edward Schleh, of Schleh Associates, Inc., at the meeting of the Credit & Financial Management Association.

Bridgeport, Connecticut—Philip J. Gray, secretary of the National Association of Credit Men, and director of its foreign department, addressed members of the Bridgeport Association of Credit Men on "Peace through Our International Relations."

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